ANNUAL REPORT 1998
一九九八年年報

GIORDANO

GIORDANO INTERNATIONAL LIMITED
佐丹奴國際有限公司

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財務摘要
(以千港元為單位)

FINANCIAL HIGHLIGHTS
(Amounts expressed in HK$'000)

		綜合 Consolidated				
		1998	1997	1996	1995	1994
營業額	Turnover	**2,609,248**	3,014,364	3,522,047	3,481,967	2,863,726
營業額(減少)／增長(%)	Turnover (decrease)/increase *(%)*	**(13.4)**	(14.4)	1.2	21.6	22.7
稅前及除特殊項目之溢利	Profit before tax and exceptional items	**88,343**	198,178	315,402	294,248	234,236
稅前及除特殊項目之溢利(減少)／增長(%)	Profit before tax and exceptional items (decrease)/increase *(%)*	**(55.4)**	(37.2)	7.2	25.6	40.5
除稅及少數股東權益後溢利	Profit after tax and minority interests	**76,087**	67,975	261,233	250,228	195,347
除稅及少數股東權益後溢利增長／(減少)(%)	Profit after tax and minority interests increase/(decrease) *(%)*	**11.9**	(74.0)	4.4	28.1	41.9
股東資金	Shareholders' funds	**1,111,144**	1,068,941	1,138,267	911,739	544,521
營運資金	Working capital	**700,600**	654,199	670,274	495,997	361,952
總負債對股值比率	Total debt to equity ratio	**0.3**	0.3	0.4	0.7	0.9
銀行借貸對股值比率	Bank borrowings to equity ratio	**0**	0	0	0	0.1
流動比率	Current ratio	**3.3**	3.1	2.6	1.9	1.8
存貨可供銷售(日數)	Inventory turnover on sales *(days)*	**44**	48	58	55	53
總資產回報率(%)	Return on total assets *(%)*	**5.3**	4.8	16.5	16.4	18.8
平均股值回報率(%)	Return on average equity *(%)*	**7.0**	6.2	25.5	34.4	39.1
銷售回報率(%)	Return on sales *(%)*	**2.9**	2.3	7.4	7.2	6.8
每股盈利(仙)	Earnings per share *(cents)*	**10.8**	9.6	36.9	38.8	30.9
每股現金股息(仙)	Cash dividend per share *(cents)*	**4.5**	5.0	16.0	13.5	11.0

業務摘要 OPERATION HIGHLIGHTS

(除特別註明外，概為於年底之數字) *(Figures as at year end unless specified)*

		1998	1997	1996	1995	1994
直接由本集團管理之零售門市數目	Number of retail outlets directly managed by the Group	**308**	324	294	280	283
零售門市總數	Total number of retail outlets	**678**	640	515	451	360
直接由本集團管理之零售門市面積 *(平方呎)*	Retail floor area directly managed by the Group *(sq. ft.)*	**301,100**	313,800	295,500	286,200	282,700
每平方呎銷售額 *(港元)(附註1)*	Sales per square foot *(HK$) (Note 1)*	**6,800**	8,000	9,900	10,500	10,600
僱員數目	Number of employees	**6,319**	8,175	10,004	10,348	6,863
可比較門市之銷售額(減少)／增長 *(%)(附註2)*	Comparable store sales (decrease)/increase *(%) (Note 2)*	**(13)**	(11)	(6)	8	(9)
售貨員數目	Number of sales associates	**1,681**	1,929	1,958	2,069	1,928

附註：

1. 按加權平均基準計算
2. 指於兩年作比較之財政年度內均開業十二個月之銷售點

Notes:

1. On weighted average basis
2. Regarding those outlets which were open for the full 12 months in each of the two financial years under comparison

公司資料

董事

執行董事

劉國權先生
(主席及行政總裁)
William Garrett Bennett 先生
陳鉅添先生
張國良先生
馮永昌先生
吳士元先生

獨立非執行董事

畢滌凡先生
吳卓明先生

公司秘書

聶羨萍女士

授權代表

劉國權先生
陳鉅添先生

註冊辦事處

Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

主要營業地點

香港
九龍
長沙灣道777 – 779號
天安工業大廈5樓
http://www.giordano.com.hk

Corporate Information

DIRECTORS

Executive

Mr. LAU Kwok Kuen, Peter
(Chairman and Chief Executive)
Mr. William Garrett BENNETT
Mr. CHAN Kui Tim, Jimmy
Mr. CHEUNG Kwok Leung, Peter
Mr. FUNG Wing Cheong, Charles
Mr. NG Sze Yuen, Terry

Independent Non-executive

Mr. Barry John BUTTIFANT
Mr. Edward James WU

COMPANY SECRETARY

Ms. LIP Sin Ping, Alice

AUTHORISED REPRESENTATIVES

Mr. LAU Kwok Kuen, Peter
Mr. CHAN Kui Tim, Jimmy

REGISTERED OFFICE

Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

PRINCIPAL PLACE OF BUSINESS

5th Floor Tin On Industrial Building
777 – 779 Cheung Sha Wan Road
Kowloon
Hong Kong
http://www.giordano.com.hk

公司資料

法律顧問
香港
喬立本廖依敏律師行
趙天岳、鍾子良律師事務所

百慕達
顏施甘百慕達律師行

核數師
羅兵咸永道會計師事務所

主要股份過戶登記處
Butterfield Corporate Services Limited
Rosebank Centre
11 Bermudiana Road
Pembroke
Bermuda

香港股份過戶登記分處
雅柏勤證券登記有限公司
香港
銅鑼灣
恩平道28號
嘉蘭中心10樓

主要往來銀行
香港上海滙豐銀行有限公司
香港渣打銀行
萬國寶通銀行

Corporate Information

LEGAL ADVISERS
Hong Kong
Robin Bridge & John Liu
Chao and Chung

Bermuda
Appleby, Spurling & Kempe

AUDITORS
PricewaterhouseCoopers

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE
Butterfield Corporate Services Limited
Rosebank Centre
11 Bermudiana Road
Pembroke
Bermuda

BRANCH SHARE REGISTRARS AND TRANSFER OFFICE IN HONG KONG
Abacus Share Registrars Limited
10th Floor Caroline Centre
28 Yun Ping Road
Causeway Bay
Hong Kong

PRINCIPAL BANKERS
The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank
Citibank N.A.

董事及高級管理人員簡介

董事

劉國權先生，現年四十六歲，主席。劉先生亦出任行政總裁兼董事總經理。彼於一九八七年加入本集團，並於一九九四年二月八日成為行政總裁，其後於一九九四年八月十日獲委任為本公司董事會主席。劉先生持有加拿大卡加里大學工商管理碩士學位。彼為加拿大特許會計師公會會員。於加入本集團前，劉先生於加拿大之私人公司及政府機構有超過十二年會計工作經驗。

William Garrett BENNETT 先生，現年三十七歲，執行董事。彼負責本集團零售業務之產品發展策劃、執行及控制。彼於一九八六年加入本集團，並在一九九七年二月十一日獲委任為本公司之執行董事。彼擁有十五年時裝設計及市場推廣之經驗。

畢滌凡先生，現年五十四歲，獨立非執行董事。畢先生於一九八二年至一九八七年間擔任森那美香港有限公司之董事總經理，於一九八七年加入寶麗碧集團為其遠東業務部門之集團行政總裁。畢先生現任萬威國際有限公司之董事總經理。彼為英國特許公認會計師公會及香港會計師公會資深會員，彼亦為英國及香港管理人員協會之資深會員。彼於一九九一年五月出任為本公司之獨立非執行董事。

陳鉅添先生，現年四十九歲，執行董事。陳先生亦出任本集團財務總裁。彼畢業於加拿大阿伯特大學，為加拿大特許會計師公會會員及香港會計師公會會員。彼於一九九零年加入本集團，並於一九九四年二月二十一日獲委任為本公司執行董事。加入本集團前，彼在加拿大及香港曾任職於專業會計、財務及公司管理各有關職位。

Directors and Senior Management Profiles

DIRECTORS

Mr. LAU Kwok Kuen, Peter, aged 46, Chairman. Mr. Lau also holds the positions of Chief Executive and Managing Director. He joined the Group in 1987 and became the Chief Executive on 8th February, 1994. He was elected Chairman of the Board of Directors of the Company on 10th August, 1994. Mr. Lau holds an MBA degree from the University of Calgary in Canada. He is a member of the Canadian Institute of Chartered Accountants. Prior to joining the Group, Mr. Lau had over 12 years' accounting experience in the private and public sectors in Canada.

Mr. William Garrett BENNETT, aged 37, Executive Director. Mr. Bennett directs the Group's retailing division's overall product development planning, implementation and control. He joined the Group in 1986 and was appointed Executive Director of the Company on 11th February, 1997. Mr. Bennett has 15 years' experience in fashion design and marketing.

Mr. Barry John BUTTIFANT, aged 54, Independent Non-executive Director. Mr. Buttifant was the Managing Director of Sime Darby Hong Kong Limited between 1982 and 1987. He joined the Polly Peck group in 1987 as Group Chief Executive of its Far East operations. Presently, he is the Managing Director of IDT International Limited. He is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Society of Accountants. He is also a fellow member of the Institutes of Management in the United Kingdom and Hong Kong. He became an Independent Non-executive Director of the Company in May 1991.

Mr. CHAN Kui Tim, Jimmy, aged 49, Executive Director. Mr. Chan also holds the position of Chief Financial Officer of the Group. He is a graduate of the University of Alberta in Canada and is a member of the Canadian Institute of Chartered Accountants and an associate member of the Hong Kong Society of Accountants. He joined the Group in 1990 and was appointed Executive Director of the Company on 21st February, 1994. Prior to joining the Group, he had held various positions in public accounting, finance and corporate management in Canada and Hong Kong.

董事及高級管理人員簡介

張國良先生，現年四十七歲，執行董事。張先生亦出任本集團製衣部門之業務總裁。彼於一九九零年加入本集團及在一九九七年二月十一日獲委任為本公司之執行董事。張先生有超過二十四年成衣製造的經驗。

馮永昌先生，現年三十七歲，執行董事。馮先生亦出任本集團東南亞零售業務之業務總裁。彼持有香港大學學士學位。馮先生於一九八八年加入本集團，並在一九九七年二月十一日獲委任為本公司之執行董事。於加入本集團前，彼具有五年房地產業務經驗。

吳士元先生，現年三十九歲，執行董事。吳先生在一九九七年二月十一日獲委任為本公司之執行董事，並負責本集團國際業務發展。彼持有澳洲新南威爾斯大學學士學位，主修商科；亦持有亞洲(澳門)國際公開大學工商管理碩士學位。彼為澳洲執業會計師公會會員。於一九九三年加入本集團前，吳先生曾於香港聯合交易所有限公司任職超過五年，彼亦曾任職永道會計師事務所(現稱「羅兵咸永道會計師事務所」)，有數年核數工作經驗。

吳卓明先生，現年四十九歲，獨立非執行董事。吳先生曾任職中國銀行之香港商人銀行聯營機構中芝興業財務有限公司，現為萬美達有限公司董事總經理。彼持有加州克萊大學工商管理碩士學位。彼於銀行業及商人銀行業擁有超過二十年經驗，並在製造及經銷時裝業擁有超過五年經驗。吳先生於一九九一年五月出任本公司之獨立非執行董事。

Directors and Senior Management Profiles

Mr. CHEUNG Kwok Leung, Peter, aged 47, Executive Director. Mr. Cheung also holds the position of Chief Operations Officer of the manufacturing division of the Group. He joined the Group in 1990 and was appointed Executive Director of the Company on 11th February, 1997. Mr. Cheung has over 24 years' experience in the garment manufacturing industry.

Mr. FUNG Wing Cheong, Charles, aged 37, Executive Director. Mr. Fung also holds the position of Chief Operations Officer of the Group's retail operations in the South East Asia. He holds a bachelor degree from the University of Hong Kong. Mr. Fung joined the Group in 1988 and was appointed Executive Director of the Company on 11th February, 1997. Before joining the Group, he worked for 5 years in the real estate business.

Mr. NG Sze Yuen, Terry, aged 39, Executive Director. Mr. Ng was appointed Executive Director of the Company on 11th February, 1997 and is primarily responsible for international business development of the Group. He holds a bachelor degree major in commerce from the University of New South Wales in Australia. He also holds an MBA degree from Asia International Open University (Macau). He is a member of the Australian Society of Certified Practising Accountants. Immediately before joining the Group in 1993, Mr. Ng worked for The Stock Exchange of Hong Kong Limited for more than five years. He also has several years' experience in the auditing field with Coopers & Lybrand (now PricewaterhouseCoopers), certified public accountants.

Mr. Edward James WU, aged 49, Independent Non-executive Director. Mr. Wu was previously with CCIC Finance Limited, a Hong Kong merchant banking affiliate of the Bank of China, and is currently Managing Director of Vimeda Company Limited. He holds an MBA degree from the University of California, Berkeley. He has over 20 years' experience in banking and merchant banking and has over 5 years' experience in manufacturing and distribution in the fashion industry. He became an Independent Non-executive Director of the Company in May 1991.

高級管理人員

聶羨萍女士，現年四十一歲，公司秘書兼公司事務部經理。聶女士畢業於香港理工大學，並持有英國赫爾大學工商管理碩士學位。彼為香港公司秘書公會資深會員。彼於一九九二年加入本集團，擁有十八年公司秘書方面經驗。

馬灼安先生，現年四十九歲，高級副總裁。馬先生於一九九六年加入本集團，並負責本集團在中國大陸之業務。彼持有加拿大阿伯特大學商業管理學士學位及為加拿大特許會計師公會會員。在加入本集團前，馬先生在加拿大政府曾任高職於會計及核數部門達十五年。彼亦擁有工商業投資及商業管理資深經驗。

黃小萍女士，現年三十九歲，佐丹奴有限公司人力資源部總監及劉黃顧問有限公司常務董事。黃女士持有香港中文大學工商管理碩士學位。彼為英國特許管理會計師公會及香港會計師公會會員。彼於一九九三年加入本集團及擁有超過十五年之人力資源、會計、特許經營、銷售及業務經驗。於加入本集團前，黃女士曾任職怡和有限公司及牛奶國際集團超過九年。

楊建昌先生，現年三十八歲，集團財務總監。楊先生畢業於加拿大多倫多大學。彼為加拿大安大略省公認管理會計師公會會員，在香港及加拿大擁有超過十四年財務及會計經驗。彼於一九九二年加入本集團。在本集團之香港及中國大陸零售業務亦取得豐富經驗。

SENIOR MANAGEMENT

Ms. LIP Sin Ping, Alice, aged 41, Company Secretary and Corporate Services Manager. Ms. Lip is a graduate of Hong Kong Polytechnic University and holds an MBA degree from the University of Hull in the United Kingdom. She is a fellow member of The Hong Kong Institute of Company Secretaries. She joined the Group in 1992 and has 18 years' experience in the company secretarial field.

Mr. MAH Chuck On, Bernard, aged 49, Senior Vice President. Mr. Mah joined the Group in 1996 and is responsible for the Group's operations in Mainland China. He holds a bachelor degree in Business Administration from the University of Alberta in Canada and is a member of the Canadian Institute of Chartered Accountants. Prior to joining the Group, Mr. Mah had 15 years' experience in senior government positions in accounting and auditing in Canada. He also had extensive experience in industrial and commercial investment and business administration.

Ms. WONG Siu Ping, Christine, aged 39, Human Resources Director of Giordano Limited and Managing Director of Lau, Wong & Associates Consultants Limited. Ms. Wong holds an MBA degree from Chinese University of Hong Kong. She is an associate member of the Chartered Institute of Management Accountants and the Hong Kong Society of Accountants. She joined the Group in 1993 and has over 15 years' experience in human resources, accounting, franchising, sales and operations. Prior to joining the Group, Ms. Wong worked for Jardine Matheson & Co. and Dairy Farm Group for more than 9 years.

Mr. YONG Kin Cheong, Samuel, aged 38, Group Financial Controller. Mr. Yong is a graduate of the University of Toronto in Canada. He is a member of the Society of Management Accountants of Ontario (CMA) and has over 14 years' experience in finance and accounting in Hong Kong and Canada. He joined the Group in 1992. He had also gained extensive experiences in the Group's retail operations in Hong Kong and Mainland China.

集團業務架構 Group Operational Structure

GIORDANO INTERNATIONAL LIMITED
佐丹奴國際有限公司

RETAIL AND DISTRIBUTION 零售與分銷

- East Jean Limited — Taiwan 台灣
- Giordano Corporation Limited — Korea 韓國
- Giordano Fashions Limited — New Zealand 紐西蘭
- Giordano Fashions (L.L.C.) — Middle East 中東
- Giordano Limited 佐丹奴有限公司 — Aruba 阿魯巴　Australia 澳洲　Brunei 汶萊　Hong Kong 香港　Myanmar 緬甸　Philippines 菲律賓
- Giordano (M) Sdn. Bhd. — Malaysia 馬來西亞
- Giordano (Macau) Limited — Macau 澳門
- Giordano Originals (Singapore) Private Limited — Singapore 新加坡
- Giordano (Thai) Co., Ltd. — Thailand 泰國
- Tiger Enterprises Limited 虎威企業有限公司 — Mainland China 中國大陸

MANUFACTURING 製衣

- Cohin Philippines Inc. — Fine Knitwear, Philippines 精細針織品，菲律賓
- Dongguan Chihing Garments Limited 東莞智興製衣有限公司 — Factory in Dongguan, Mainland China 廠房於東莞，中國大陸
- Gloss Mind Garment Manufacturing Company Limited 亮志製衣有限公司 — Fine Knitwear & Woven Products, Mainland China 精細針織品及梭織產品，中國大陸
- Tobo Knitting Limited — Knitting & Dyeing Processing, Mainland China 織染加工，中國大陸
- Tobo Textile Limited 東寶紡織實業有限公司 — Yarns & Knitted Fabrics Trading, Mainland China 針織布及紗之貿易，中國大陸

MANAGEMENT CONSULTANCY 管理顧問

- Lau, Wong & Associates Consultants Limited 劉黃顧問有限公司 — Hong Kong 香港　Mainland China 中國大陸

主席報告書

致列位股東：

在過去二十個月，亞洲見證一個不可預計之情況及反覆無常之經營環境，不僅喚醒全球重視建立穩健的公司基礎，亦突出善於應變之領導及危機管理對業務之重要性。

於一九九八年會計年度，本集團藉著持有充裕之現金狀況及降低存貨風險，以確保本公司免受區內之不穩定環境所影響為目標。本集團達到此目標，並能在本集團之各主要市場獲利。

本集團之現金結餘由一九九七年會計年度結算時之192,200,000港元增至一九九八年會計年度結算時之339,800,000港元。本集團之存貨量則由一九九七年會計年度結算時之399,600,000港元下降至一九九八年會計年度結算時之311,200,000港元，而作為「產品效率」之重要指標之存貨可供銷售日數則由一九九七年會計年度之48天下降至一九九八年會計年度之44天。

吾等對全體員工努力不懈，在前所未見之困難經營環境下取得一九九八年之成績，引以為榮。集團員工除成功達到以審慎態度管理現金及存貨之目標外，亦能有效地逐步改善整體邊際毛利。一九九八年度之股東應佔溢利為76,100,000港元，一九九七年度則為68,000,000港元。詳情謹請參閱本年報內管理層之論述及分析一節。

配合本集團一貫之股息政策，董事會議決建議一九九八年度之末期股息每股3.5仙。

本集團相信未來增長之關鍵有賴多年來建立之基礎和優勢，從提升品牌形象之細節著手，向客戶宣揚本集團之訊息，以及令佐丹奴品牌之物有所值、優良質素、簡單輕便之風格及出色之服務，在所有市場均被確認。管理層向客戶承諾，為他們提供一個舒適方便及親切之環境，並在適當時間以相宜之價格購買合適之貨品。

本集團於未來幾年將耗費相當資金重新粉飾各門市。基於本集團之資金充裕，故毋須就此向外籌集。此外，本集團亦會留意每個可

Chairman's Statement

Dear Shareholders,

The unpredictable events and volatile environment Asia has witnessed in the past 20 months have not only reminded the world the importance of sound fundamentals, but have also highlighted the increasing importance of contingency leadership and crisis management in business.

In fiscal 1998, our goal was to ensure that your Company would be well-sheltered from the instability experienced in the region by keeping the Company in a strong cash position and by reducing its inventory risk. We attained that goal and managed to be profitable in all our major markets.

Our cash balance went from HK$192.2 million at the end of fiscal 1997 to HK$339.8 million at the end of fiscal 1998. Our inventory balance was reduced from HK$399.6 million at the end of fiscal 1997 to HK$311.2 million at the end of fiscal 1998, and our inventory turnover days on sales, an important measure of "product efficiency", improved from 48 days throughout fiscal 1997 to 44 days throughout fiscal 1998.

We take pride in our staff's unrelenting effort in achieving what we have accomplished in 1998 against the backdrop of unprecedented negative operating conditions. Not only were they successful in meeting prudent cash and inventory management targets, they were also effective in gradually improving overall gross margins. Profit attributable to shareholders was HK$76.1 million in 1998, compared with HK$68.0 million in 1997. I refer you to the Management's Discussion and Analysis Section of this Annual Report for details.

To be consistent with our past dividend policy, the directors have resolved to recommend a final dividend of 3.5 cents per share for 1998.

We believe that the key to future growth is in building on the foundation and momentum we have fostered over the years, enhancing brand image by improving in the details that will amplify our message to the customers, and making the Giordano brand instantly recognized in all its markets for value, quality, easy styles and outstanding service. Your management team is committed to providing our customers with the right merchandise at the right time at the right price in a convenient and friendly shopping environment.

Significant expenditure will be invested in the next couple of years on shop refurbishment. Our strong cash position will allow us to do it without any external financing. In addition, we are also vigilant

主席報告書

助本集團在地域上擴展業務之機會。就有關在各個具備優厚潛質之市場發展業務而言，現時正不斷進行有益又富建設性的商談。本公司之地區組織架構為因應全球市場狀況之新需求而將會作出重組。

同時，亞洲金融風暴為本集團造就延聘優秀基層人員之罕有機會。本公司緊遵承諾培育人材，並已針對高等院校畢業生展開積極之管理層培訓計劃。迄今，數以十計之年輕才俊已站於前線接受挑戰和沖擊，並不斷重新審訂各個現有運作程序，以圖破舊立新。踏入下一個新千禧年，這批年輕俊傑將成為本公司管理層之中流砥柱。

本集團連續五年榮獲一份具影響力之地區雜誌選為「不斷革新以應顧客要求」公司之冠。本集團全體員工均盡心盡力，發揮一己之才幹，熱誠地服務顧客，解決問題，樹立優質之服務文化，足令本集團傲視同儕，並使本集團得以自豪。

本集團每天均為作出均衡之產品組合而搏鬥，既要盡量降低風險，同時亦要物色受歡迎之產品。展望一九九九年，本集團將會推行一項新策略，推出一系列為本集團之中性形象重新定位之產品組合。本集團相信此舉可使本集團之產品組合更鮮明，亦不失原有產品形式。初步試驗證實非常成功。

放眼未來，本公司將繼續沿用多項主要措施：利用佐丹奴成熟之採購手法拓展全球市場、銳意創新產品及服務以應客戶層出不窮之要求、借助本集團在全球各地之採購力為客戶提供最相宜之產品、以及不斷提升佐丹奴之品牌價值。本集團深信上述措施是為股東創造長遠而穩定之回報之最佳及最實際之方法。

本人代表董事會，就全體員工努力工作、盡忠職守，以及各供應商與製造夥伴之忠誠服務，謹此致謝。同時，董事會亦衷心感謝所有股東從不間斷之支持。

劉國權
主席

一九九九年三月二十四日

Chairman's Statement

in opportunities which might permit us a quicker pace towards geographic diversification. Talks are continuing with prospects in all markets with good potentials. The Company's regional organisation will be restructured to cater to the new needs in a more global marketplace.

The crisis in Asia has also provided us with rare opportunities to recruit higher calibre entry level staff otherwise not feasible. Your Company, true to its commitment to developing people, has launched an aggressive management training program targetting graduates from tertiary schools. As of today, dozens of these bright young minds are placed in the frontline, challenged and stimulated to constantly re-examine and innovate all operating processes in place. These young men and women will become your Company's backbone management team in the early part of the next millennium.

We were honored to receive top ranking by a major regional magazine for five consecutive years as one of the companies most "Innovative in Responding to Customer Needs". We are proud of our highly dedicated work force whose talent and passion to serve and solve problems have built a service culture into a quality that differentiates us from our competitors.

We are in a constant battle to balance our merchandise mix everyday. We look to minimize risk and exposure and at the same time identify products of high velocity. Looking ahead to 1999, we will implement a new strategy in merchandise mix that will redefine our unisex image. We believe that this approach will allow us to clarify our product mix without compromising our product domain. The early testing has proven very successful.

Further into the future, your Company will continue several key initiatives already in place: globalization of our markets by using Giordano's skilled merchandising practice; innovation in products and services so that they are relevant to the ever-demanding customer needs; leveraging our worldwide buying power to obtain best value for our customers; and continuing to add value to Giordano's brand equity. We believe these initiatives to be the best and the most honest way to create and sustain long term wealth for our shareholders.

On behalf of the Board, I wish to thank all of our staff for their hard work and loyalty, as well as our vendors and manufacturing partners for their effort and services. We also wish to extend our sincere thanks to you, our shareholders, for your ongoing support.

LAU KWOK KUEN, PETER
Chairman

24th March, 1999

概論

一九九八年是市況反覆波動之一年，不僅發生在本集團之基地香港，甚至整個亞洲以至廣及世界其他地方。隨著一九九七年亞洲金融危機爆發，社會大眾信心崩潰，資產價格大幅調整，銀行與財務公司追收貸款和收緊信貸。這一連串事件使經濟出現通縮，以致零售市場急劇下滑。

儘管佐丹奴大部分零售市場所在地的消費開支收縮，本集團於一九九八年取得滿意之表現。本集團於一九九八年之綜合營業額為2,609,200,000港元，較一九九七年下跌13%。稅前及除特殊項目之溢利為88,300,000港元，而一九九七年則錄得198,200,000港元。然而，股東應佔溢利上升12%至76,100,000港元。

為了應付金融危機帶來之破壞性影響，本集團已竭盡所能採取多項措施以控制損失，並把握市道不景可能帶來之任何良機。所採取之措施包括：

(a) 重整成本架構

鑑於銷售額暴跌，管理層已採取步驟減低固定成本，從而調低本集團之盈虧平衡點。於一九九八年年內，經常性費用削減11%。尤其以減少辦公室及貨倉面積，並透過主動與業主磋商，租金費用減少8%，而員工開支亦調低12%。

(b) 削減投入成本

本集團把握貨幣貶值導致成本降低之優勢，已從集中在中國大陸製造產品轉而向區內之當地供應商進行採購。此外，本集團內部之設計小組設計出不同的新產品組合，提高邊際利潤。此項計劃非常成功，並且得到本集團客戶之大力支持。儘管有通縮壓力，於一九九八年本集團仍能在零售方面維持邊際利潤。

OVERVIEW

1998 was a year in which we witnessed alarming volatility, not only in our home base in Hong Kong but throughout the entire Asia and beyond. When the Asian financial crisis started to unfold in 1997, confidence of the general public was shattered, asset prices were subject to sharp corrections, and banks and finance companies ran for cover and tightened credit control. This series of events triggered deflation in the economy, causing the retail market to spiral downwards.

Against a background of contracting consumer spending in most of Giordano's retail markets, we performed satisfactorily in 1998. The Group's consolidated turnover for 1998 amounted to HK$2,609.2 million, representing a decline of 13% compared with 1997. Profit before tax and exceptional items was HK$88.3 million compared to HK$198.2 million reported in 1997. However, profit attributable to shareholders increased by 12% to HK$76.1 million.

To combat the effects of the devastating financial crisis, the Group has implemented measures to contain damages wherever possible, and to capitalize on any opportunities which could be derived from the market downturn. The measures taken include :

(a) Revamping cost structures

In view of the sharp decline in sales, management has taken steps to reduce fixed costs in order to lower the breakeven point for the Group. During 1998, overhead expenses were reduced by 11%. In particular, through reduction in office and warehouse space and active negotiations with landlords, occupancy expenses were down by 8%. Staff costs were also trimmed by 12%.

(b) Reducing input cost

To take advantage of the lower costs due to the devalued currencies, the Group has switched from centralized manufacturing in Mainland China to outsourcing from local suppliers in the region. In addition, our in-house design team created a variety of new product mixes with improved margins. This campaign has achieved great success with very strong support from our customers. In 1998, we managed to maintain our retailing gross profit margin despite deflationary pressure.

(c) 改善存貨控制

由於市道每況愈下，故本集團在存貨管理方面更加嚴謹。於年底時，本集團之存貨可供銷售日數為44天，而一九九七年年底則為48天。此項改善乃透過下列各項而達成：

(i) 當地採購 — 此舉可將貨物轉運減至最少；

(ii) 準時補充存貨 — 對製單之完成作出嚴格之時間控制；及

(iii) 合時之清貨。

(d) 保持穩健之財務管理

於金融危機出現期間，本集團能維持差不多全無負債及充裕之現金狀況。於一九九八年年底之手頭現金為339,800,000港元。本集團充裕之現金狀況，加強其克服長期危機之能力。同時，於資產通縮時期，充裕之現金狀況可讓本集團有能力於業務良機出現時把握發展機會。

(e) 購回股份

由於沒有其他具吸引力之投資良機，同時為了增進股東盈利，本公司於一九九八年不時購回其股份。於年內，購回之股份總數為5,492,000股，費用達5,643,880港元。此等股份其後已註銷。於一九九八年年底，已發行之股份數目合共699,785,000股。

(c) Improving inventory control

In view of the deteriorating market conditions, we have stepped up our efforts in inventory management. By year-end, our inventory turnover on sales was 44 days, against 48 days at year-end 1997. This was accomplished via :

(i) local sourcing — whereby transhipment can be minimized;

(ii) just-in-time stock replenishment — where timely control over shipment orders was executed; and

(iii) timely stock clearance.

(d) Continuing sound financial management

Throughout the financial crisis, the Group has been able to maintain its virtually debt-free and strong cash position. Cash on hand as at year-end 1998 amounted to HK$339.8 million. The strong cash position has reinforced the Group's ability to survive unexpected turmoil in the event of a prolonged crisis. Also, in an era of asset deflation, the strong cash position enables the Group to be prepared for any attractive business opportunities that may emerge.

(e) Buying back shares

In the absence of other attractive investment opportunities and in order to enhance shareholders' earnings, the Company bought back its shares from time to time in 1998. During the year, a total of 5,492,000 shares were repurchased at a cost of HK$5,643,880. These shares were subsequently cancelled. At year-end 1998, the number of shares in issue totalled 699,785,000.

零售及分銷業務

於一九九八年來自零售及分銷部門之銷售營業額下跌16%至2,296,300,000港元，而溢利貢獻則減少至56,200,000港元，跌幅達65.8%。

在零售及分銷業務並無任何其他有利消息的情況下，本集團各項主要零售業務仍可獲利，這點堪足欣慰。管理層於一九九八年預期收益會下降，因而採取多項措施以控制開支。所有零售業務均削減經常費用及經營費用。鑑於市況欠明朗，擴展計劃亦惟有暫時擱置，但本集團的方針明確：(1)保持盈利能力；(2)達到穩健之現金流動狀況；及(3)實施有效存貨管理。上述之目標均全部達成。

於一九九八年，本集團零售及分銷業務之五大市場依然是台灣、香港、中國大陸、韓國及新加坡。

RETAIL AND DISTRIBUTION

Sales turnover of the retail and distribution division came off by 16% in 1998 to HK$2,296.3 million and profit contribution fell to HK$56.2 million, representing a decrease of 65.8%.

In the absence of any other positive news from the retail and distribution operations, perhaps it is comforting to note that the Group remained profitable in all of its major retail operations. In 1998, management adopted measures to control expenses in anticipation of falling revenue. Overhead and operating expenses were reduced for all retail operations. In view of market uncertainties, expansion plans were also temporarily shelved. The directions were explicit: (1) maintain profitability; (2) achieve positive cash flow; and (3) implement effective inventory management. All of these missions were accomplished.

In 1998, the Group's top five markets — Taiwan, Hong Kong, Mainland China, Korea and Singapore — continued to dominate the Group's retail and distribution operations.

1998年零售銷售額之分析

1998 RETAIL SALES ANALYSIS

地區	Territories	佔總零售銷售額之百分比 Percentage of Total Retail Sales Turnover
台灣	Taiwan	24.93
香港	Hong Kong	20.65
中國大陸	Mainland China	21.72
韓國	Korea	14.13
新加坡	Singapore	8.20
菲律賓	Philippines	5.18
中東	Middle East	3.53
馬來西亞	Malaysia	1.21
其他	Others	0.45

台灣 TAIWAN

		1998	1997	1996	1995	1994
銷售淨額(百萬港元)	Net sales *(HK$m)*	**710.1**	753.2	917.0	1,062.7	1,120.2
每平方呎銷售額(港元)*	Sales per sq. ft. *(HK$)**	**4,300**	4,500	5,700	6,400	7,700
可比較店舖之銷售額減少(%)**	Comparable store sales decrease *(%)***	**(8)**	(9)	(11)	(10)	(17)
零售樓面面積(平方呎)***	Retail floor area *(sq. ft.)****	**156,400**	168,500	164,400	159,300	161,300
售貨員數目***	Number of sales associates***	**680**	787	800	837	801
銷售點數目 — 直接管理***	Number of outlets — directly managed***	**184**	191	173	170	182

* *按加權平均基準計算*
** *指於兩個作比較之財政年度內均開業十二個月之銷售點*
*** *於十二月三十一日*

* *On weighted average basis*
** *Regarding those outlets which were open for the full 12 months in each of the two financial years under comparison*
*** *As at 31st December*

銷售營業額於一九九八年減少6%至710,000,000港元。於一九九八年，台灣經濟相對看來似乎未有因區內金融危機帶來之影響而受損害。然而，並非各行各業均可免除金融危機之影響，例如，出口下跌9%，而以亞洲市場為主之製造行業急轉直下。結果零售業之市場氣氛欠佳，眾多零售商遂選擇延長促銷行動。面對市道不景，本集團擱置開設若干獨立之門市，同時基於成本效益而開設更多百貨公司櫃位。資本開支於一九九八年維持低水平，較一九九七年減少31%。審慎之存貨管理亦令存貨量減少，較一九九七年改善34.5%。

Turnover sales fell by 6% in 1998 to HK$710 million. In 1998, the Taiwan economy appeared relatively unscathed from the impact of the financial crisis in the region. However, not all lines of business could remain immune from the crisis. Exports, for example, fell by 9%, and the manufacturing businesses with concentration in the Asian markets plummeted. As a result, market sentiments in the retail sector were poor. Many retailers opted to prolong their sales campaign. In the face of the market downturn, the Group held back the opening of some independent street stores. Instead, more department store counters were opened for cost effectiveness reasons. Capital expenditure remained low for 1998, with a reduction of 31% over 1997. Prudent inventory management also resulted in a reduction in inventory volume, registering an improvement of 34.5% over 1997.

香港 HONG KONG

		1998	1997	1996	1995	1994
銷售淨額(百萬港元)	Net sales *(HK$m)*	**588.4**	762.1	926.1	947.8	845.4
每平方呎銷售額(港元)*	Sales per sq. ft. *(HK$)**	**11,100**	16,300	20,400	22,400	21,100
可比較店鋪之銷售額(減少)/增加(%)**	Comparable store sales (decrease)/ increase *(%)***	**(22)**	(18)	(6)	9	1
零售樓面面積(平方呎)***	Retail floor area *(sq. ft.)****	**58,300**	51,400	44,400	46,500	40,800
售貨員數目***	Number of sales associates***	**326**	427	463	498	461
銷售點數目 — 直接管理***	Number of outlets — directly managed***	**49**	53	47	49	45

* *按加權平均基準計算*

** *指於兩個作比較之財政年度內均開業十二個月之銷售點*

*** *於十二月三十一日(一九九八年數字包括銷售樓面面積7,600平方呎之全新概念店 — Giocity)*

* *On weighted average basis*

** *Regarding those outlets which were open for the full 12 months in each of the two financial years under comparison*

*** *As at 31st December (figures for 1998 include the new concept store, Giocity, with net salable area of 7,600 sq. ft.)*

零售銷售總額下跌23%至588,000,000港元。雖然於一九九八年首六個月業務之銷售額錄得35%之跌幅，但於下半年度情況則大為改善，銷售額之跌幅與一九九七年同期比較僅下降8%。

Total retail sales fell by 23% to HK$588 million. Although the operations recorded a 35% drop in sales in the first six months of 1998, there were significant improvements in the second half of the year with the decline in sales reduced to just 8% compared with the corresponding period of 1997.

本港之零售市況於一九九八年整年雖無重大改變，惟不景之市況看來將持續至本年年底。根據特別行政區政府公布之統計數字顯示，一九九八年十二月零售銷售總額之價值較一九九七年同期縮減17%。失業率於一九九八年第四季更達5.8%歷史高位。而一九九八年第四季之本港生產總值較一九九七年同期下跌5.7%。其他經濟指標均顯示本港經濟依然呆滯。

While the climate of the retail market in Hong Kong had not changed substantially throughout 1998, conditions appeared to have worsened towards the end of the year. According to statistics released by the SAR Government, the value of total retail sales declined by 17% in December 1998 compared with December 1997. Unemployment rate reached a historical high of 5.8% for the fourth quarter of 1998. The GDP for the fourth quarter of 1998 fell by 5.7% as compared with the corresponding period of 1997. Other indicators pointed to the same direction — that the Hong Kong economy is still in the doldrums.

本集團於一九九八年實行多項措施，旨在刺激下半年度在香港之零售業務：

(1) 本集團與主要供應商訂立策略性聯盟，使其可減低離岸價費用。縱使市場的競爭壓力使本集團之店舖須延長提供折扣，但本集團仍可於整個年度維持相當之邊際毛利。

(2) 本集團在市場上重新定位，重點放在更願意花費在稱身及時尚服裝之年青客戶。本集團已逐漸加強產品發展，並更重視款式和顏色配襯以迎合客戶之口味及需要。

(3) 由於本港旅遊業不景氣及市場由本地客戶支配，本集團已作出應變，就本身之產品組合作出調整，以迎合本集團客戶組別之變化，結果於一九九八年期間推出的產品非常成功，為本集團帶來較高之邊際利潤。

(4) 本集團香港業務於一九九八年實行之削減成本措施十分奏效。租金費用減少4.5%。一九九八年續租及重新磋商租約而省下之租金費用總額為18,000,000港元。縱使本集團決定不裁員以防不利之公眾輿論及影響士氣，但一九九八年員工總開支仍節省23%。員工開支得以節省很大程度上是因為有效之員工調配制度以應付繁忙時間之需求，以及員工之自然流失。

Several measures undertaken by the Group in 1998 were responsible for the revival of our Hong Kong retail business in the second half of the year :

(1) The strategic alliance with our key suppliers enabled us to reduce our FOB costs. Despite market pressures for prolonged discounts at our stores, we have managed to maintain a respectable gross profit margin throughout the year.

(2) With our recent market repositioning, we have shifted our focus to younger customers who are more willing to spend on better fitting and trendier garments. The Group has gradually stepped up product development efforts with more emphasis on style and color to suit customers' tastes and needs.

(3) In response to the slump in our tourism sector and the dominance of local customers, we have made adjustments to our product mix to cope with the change in our customer profile. As a result, product launches throughout 1998 were very successful which enabled us to enjoy higher margins.

(4) Cost cutting has proven very effective for the Hong Kong operations in 1998. Occupancy costs were reduced by 4.5% and total savings from renewal and renegotiation of our leases amounted to HK$18 million in 1998. Despite our decision not to retrench staff to avoid adverse publicity and effect on morale, the overall savings on staff costs for 1998 was 23%. The staff cost savings were largely due to a more efficient staff deployment system to suit rush hour demands and natural staff turnover.

中國大陸 MAINLAND CHINA

		1998	1997	1996	1995	1994
銷售淨額(百萬港元)	Net sales *(HK$m)*	**513.2**	565.2	567.4	527.1	338.5
每平方呎銷售額(港元)*	Sales per sq. ft. *(HK$)**	**19,800**	20,600	20,300	18,500	10,200
可比較店鋪之銷售額(減少)/增加(%)**	Comparable store sales (decrease)/ increase *(%)***	**(8)**	(1)	4	53	(9)
零售樓面面積(平方呎)***	Retail floor area *(sq. ft.)****	**24,700**	29,200	26,900	30,700	33,000
售貨員數目***	Number of sales associates***	**346**	344	302	359	338
銷售點數目	Number of outlets					
—直接管理***	— directly managed***	**10**	10	10	9	6
—特許經營***	— franchised***	**201**	160	110	84	34

* 按加權平均基準計算

** 指於兩個作比較之財政年度內均開業十二個月之銷售點

*** 於十二月三十一日

* *On weighted average basis*

** *Regarding those outlets which were open for the full 12 months in each of the two financial years under comparison*

*** *As at 31st December*

於一九九八年，亞洲金融危機持續帶來經濟損失，導致經濟普遍衰退、失業率高企，甚至有部分國家出現社會混亂。面對這個金融危機，中國大陸市場所受之影響似乎最輕微。然而，中國大陸並非完全免除此危機。由於鄰近國家之貨幣貶值，中國大陸因而失去成本優勢，出口銷售下跌。此情況更因年中發生嚴重水災而進一步惡化，有關水災影響國內超逾2億人口。

In 1998, the Asian financial crisis continued to take its toll, causing general depression, high unemployment and even social unrest in some countries. The Mainland China market, on the face of it, seemed to be the least affected. However, Mainland China was not completely immune from the crisis. Export sales fell as it lost its cost advantage over neighbouring countries which had devaluated their currencies. The situation was further aggravated by major floods in the middle of the year which affected more than 200 million people in the country.

本集團之中國大陸零售業務之銷售營業額下跌9%至513,200,000港元。由於客戶四出覓購價格相宜之貨品，零售商在此壓力下而需提供更多折扣，導致邊際利潤減少。儘管於艱難之市場環境下，本集團仍能成功地開設新專營店。於年底，中國大陸專營店淨增加41間。連同本集團直接管理之10間店鋪，佐丹奴於一九九八年年底在中國大陸經營之專營店鋪總數為211間。

Turnover sales of the Group's Mainland China retail operations fell by 9% to HK$513.2 million. Profit margin also declined as consumers went bargain hunting, putting pressures on retailers to offer substantial discounts. We have been successful in opening new franchisee shops despite the difficult market condition. As at year-end, there was a net increase of 41 franchisee shops in Mainland China. Together with the 10 stores under our direct management, the total number of Giordano stores operating in Mainland China by year-end 1998 was 211.

韓國 KOREA

		1998	1997	1996	1995	1994
銷售淨額(百萬港元)	Net sales *(HK$m)*	**402.5**	337.0	271.8	122.1	16.0
每平方呎銷售額(港元)*	Sales per sq. ft. *(HK$)**	**8,730**	8,360	9,840	6,100	1,770
可比較店舖之銷售額(減少)/增加(%)**	Comparable store sales (decrease)/ increase *(%)***	**(14)**	27	72	–	–
零售樓面面積(平方呎)***	Retail floor area *(sq. ft.)****	**48,500**	46,000	33,200	23,900	12,600
售貨員數目***	Number of sales associates****	**264**	255	181	109	69
銷售點數目***	Number of outlets****	**85**	77	62	43	20

* 按加權平均基準計算
** 指於兩個作比較之財政年度內均開業十二個月之銷售點
*** 於十二月三十一日

* *On weighted average basis*
** *Regarding those outlets which were open for the full 12 months in each of the two financial years under comparison*
*** *As at 31st December*

韓國股市於一九九八年反彈強勁，有助挽回社會大眾之信心。本集團於一九九八年，尤其是下半年度之零售銷售額大幅回升。銷售營業額增加19%至402,500,000港元。銷售額增長主要是由於百貨公司櫃位之業績較預期為佳。此等百貨公司櫃位之銷售貢獻於一九九八年飈升，佔銷售營業總額42%，而一九九七年為23%。基於百貨公司櫃位之銷售貢獻較門市為佳，本集團將透過在韓國開設更多百貨公司櫃位以加快推行擴展計劃。

The Korean stock market made a strong rebound in 1998 which helped to boost general public confidence. Our retail sales enjoyed a strong comeback in 1998, particularly in the second half of the year. Sales turnover went up 19% to HK$402.5 million. The improvement in sales was mostly due to the better than expected performance from department store counters. Sales contribution from the department store counters rose sharply in 1998, which represented 42% of total sales turnover as compared with 23% in 1997. As the sales contribution of the department store counters outperformed that of the street shops, we have plans to further step up our expansion plans through the opening of more department store counters in Korea.

儘管南韓圜兌港元及美元之滙率於一九九八年持續疲弱，導致邊際利潤總額出現壓力，本集團之韓國零售業務仍有所改善。於年內，就韓國業務而言，當地採購之產品佔40%，較一九九七年之5%大幅上升。預計於一九九九年會在當地採購更多產品，以便進一步增加利潤。預計於一九九九年韓國之經濟將會持續復甦，銷售額將會加快增長，而純利貢獻應會進一步改善。

The improvement in the results of our Korean retail operations was achieved despite pressure on gross profit margins as the exchange rate of the Korean won against Hong Kong dollar and U.S. dollar continued to be weak in 1998. During the year, the Korean operations managed to source 40% of its products locally which was a significant uplift from 5% in 1997. It is expected that more local sourcing will be implemented in 1999 to further improve margins. In 1999, it is expected that the gradual economic recovery will continue in Korea and sales growth is expected to accelerate and contribution to net profits should be enhanced.

新加坡 SINGAPORE

		1998	1997	1996	1995	1994
銷售淨額(百萬港元)	Net sales *(HK$m)*	**233.5**	284.4	351.0	361.4	335.1
每平方呎銷售額(港元)*	Sales per sq. ft. *(HK$)**	**8,500**	10,300	14,900	16,800	14,800
可比較店鋪之銷售額減少(%)**	Comparable store sales decrease*(%)***	**(16)**	(15)	(19)	(1)	(14)
零售樓面面積(平方呎)***	Retail floor area *(sq. ft.)****	**28,000**	28,700	26,400	22,000	23,200
售貨員數目***	Number of sales associates***	**202**	235	233	248	208
銷售點數目 — 直接管理***	Number of outlets — directly managed***	**31**	33	30	27	29

* 按加權平均基準計算

** 指於兩個作比較之財政年度內均開業十二個月之銷售點

*** 於十二月三十一日

* *On weighted average basis*

** *Regarding those outlets which were open for the full 12 months in each of the two financial years under comparison*

*** *As at 31st December*

一九九八年首三季，銷售營業額之表現一直較一九九七年差，但第四季已錄得溫和反彈。一九九八年銷售營業總額減少17.9%至233,500,000港元。於上半年度，邊際利潤總額較預期為低，原因是新加坡元疲弱及本集團之店鋪進行清貨行動。於下半年度，由於本集團向馬來西亞採購部分貨品，邊際利潤總額得以大為改善。至於成本控制方面，本集團積極與業主洽商及致力推行削減成本計劃，經營費用縮減至4,400,000新加坡元。

For the first three quarters in 1998, sales turnover consistently under-performed the 1997 scores, but the fourth quarter showed a modest rebound. Total turnover sales in 1998 fell by 17.9% to HK$233.5 million. Gross profit margin was below expectation in the first half of the year, due to a weak Singaporean currency and stock clearance at our stores. In the second half of the year, gross profit margin was much improved as we had outsourced some of our supplies from Malaysia. On the cost control side, through active negotiation with landlords and efforts in our cost cutting program, operating expenses were trimmed by S$4.4 million.

鑑於經濟依然呆滯，加上入境旅客數目減少20%，預計零售市場能於短期內復甦，頗為不切實際。然而，本集團將會致力加快產品發展，為本公司的品牌重新定位，由基本便服轉向發展為更多款式之服裝以迎合要求增強之客戶。

With the economy remaining sluggish and the number of inbound tourists down by 20%, it may not be realistic to expect a major revival of the retail market in the short term. However, we will step up our product development efforts and reposition our brand from basic casual wear towards more style and fit for the increasingly demanding customers.

其他市場

菲律賓

鑑於一九九八年菲律賓之市道逆景，包括失業率達10.1%及滙兌強烈波動，於一九九八年本集團向菲律賓專營商之銷售下跌27%。然而，「GIORDANO」依然是一九九八年最暢銷便服之品牌。在本年年底，於全國各主要城市經營之專營店共45間。一九九九年將會開設更多店鋪，而在國內3間最大商場開設的店鋪將於年底開業，這對維持本集團在菲律賓之市場領導地位舉足輕重。

中東

中東零售市場面對不同問題，導致零售銷售額下跌。低油價、旅客人流減少以及經營成本上漲，種種因素均對收益及溢利構成壓力。基於多項負面因素，本集團於一九九八年銷售至中東之合營專營商下跌8%。於一九九八年年底，零售門市數目已增加至32間（一九九七年：26間），其中11間在沙地阿拉伯、17間在阿拉伯聯合酋長國及4間在其他國家。

馬來西亞

於一九九八年馬來西亞之經濟動蕩，加上滙率波動、股市大上大落，以及政府干預金融界，令情況惡化。在零售業方面，許多經營者縮小其營運業務之規模，有些甚至永久撤離該地及結束業務。而餘下之經營商，有許多已削減廣告及宣傳推廣的財政預算，並採取靜觀其變之策略。

本集團之零售業務錄得營業額34,500,000港元，較一九九七年輕微多賺3.1%。由於本集團轉向當地進行採購，因此下半年度之利潤總額大為增加。時至今日，在馬來西亞出售之佐丹奴產品中，當地採購佔很大百分比，因此應可使本集團於一九九九年之邊際利潤進一步提升。儘管貨幣貶值帶來通脹壓力，但成本控制措施令一九九八年的支出總額減少2%。此外，本集團還成功地與業主洽商，藉此達到節省租金之目標。

OTHER MARKETS

PHILIPPINES

In light of the adverse conditions that prevailed in the country during 1998 which included a 10.1% unemployment rate and rampant currency exchange fluctuations, Group sales to our franchisee in the Philippines dropped by 27% in 1998. However "GIORDANO" continued to be the best-seller brand name in casual wear in 1998. By year-end, there were 45 franchisee shops operating in major cities across the country. More stores will be opened in 1999, particularly in the 3 biggest malls in the country which are due for opening later in the year. This is vital in maintaining our market leadership in the country.

MIDDLE-EAST

The retail market in the Middle-East faced a different set of problems which caused the depression in retail sales. Low oil prices, reduction in tourist traffic and escalating operating costs had put pressure on both revenue and profits. Due to the negative factors, Group sales to our joint venture franchisee in the Middle-East fell by 8% in 1998. At year-end 1998, the number of retail outlets have increased to 32 (1997: 26), of which 11 are in Saudi Arabia, 17 in the United Arab Emirates and 4 in other countries.

MALAYSIA

The Malaysian economy experienced a very turbulent year in 1998, exacerbated by volatile exchange rates, the sharp fall and rebound of the stock market as well as government intervention in the financial sector. On the retail scene, many operators scaled down their operations and some even withdrew and closed down for good. Of the ones remaining, many have cut their budget on advertising and promotions and kept a low profile.

Our retail operations reported a turnover of HK$34.5 million, representing a modest gain of 3.1% over 1997. Gross margins were much improved in the second half of the year as we switched to local sourcing. Today, a large percentage of the Giordano products being sold in Malaysia are locally-sourced, which should enable our profit margin to be further enhanced in 1999. Despite inflationary pressures due to the devalued currency, cost control measures resulted in a reduction on total expenses by 2% in 1998. Furthermore, rental savings were achieved through successful negotiation with landlords.

於一九九八年年底，該國的佐丹奴店鋪總數有26間，其中7間為專營店。鑑於當地經濟前景黯淡，預計一九九九年只會審慎地進行擴展。

At the end of 1998, there were a total of 26 Giordano shops in the country, of which 7 were franchisee shops. It is envisaged that expansion in 1999 will be carried out cautiously in view of the gloomy outlook of the local economy.

泰國

於一九九八年，泰國大部分企業不論規模大小都在掙扎求存。在一個失業率仍然高企的國家，一般市民不大可能將金錢自由花費在非必需品上。正如本集團所料，泰國零售市場狀況於整年均處於谷底。本集團之零售銷售額下降21%至13,100,000港元。幸好滙率回升，營運業務於年內得以錄得純利。於本年內，本集團採取多個步驟關閉未能獲利之銷售點，因此於年底時本集團旗下之店鋪數目為10間（一九九七年：15間）。為減低高成本之進口貨及提高邊際利潤，本集團於實行當地採購之同時亦要維持產品質素。目前，本集團計劃在曼谷的主要黃金地段增設數間店鋪。鑑於現時正有許多大型建築工程被擱置及目前之經濟前景欠明朗，所以本集團於一九九九年之擴展計劃需要審慎進行。

THAILAND

In 1998, most businesses in Thailand, whether big or small, struggled for survival. In a country where the jobless rate has remained high, it is unlikely that the average citizen could spend freely on consumables other than real necessities. As expected, the retail market in Thailand was very much in the doldrums throughout the year. Our retail sales fell 21% to HK$13.1 million. Thanks to the recovery of the exchange rate, the operation was able to report a net profit for the year. During the year, we took steps to close down unprofitable outlets, bringing the total number of stores in our operation to 10 by the year-end (1997: 15). To enhance profit margins, we implemented local sourcing whilst maintaining product quality to avoid the high costs of imports. At present, we have plans to open a few more shops in Bangkok, mainly in prime locations. In view of the fact that many large construction projects are being put on hold at the moment, and the uncertainties of the immediate outlook of the economy, our expansion plan in 1999 will need to be cautiously executed.

製衣業務

本集團之製衣銷售額於一九九八年下跌20%至625,200,000港元。然而，綜合製衣銷售額(即扣除向本集團零售業務銷售之數額)為312,900,000港元，增幅達11%。對本集團作出之溢利貢獻增加34%至10,700,000港元。

儘管對外間客戶之銷售有輕微增長，但因本集團之零售業務採取向外採購，製衣業務對其之銷售額銳減，一九九八年製衣銷售總額因此而下降。地區零售業務乘著本區貨幣疲弱，轉而向當地進行採購，從而獲得較可觀之利潤。就本集團銷售予外間客戶而言，增長主要來自美國客戶。雖然人民幣及港元處於勢強而令致有關成本較為高昂，但該等美國客戶欣賞本集團產品優良質素。不過，市道低迷，價格競爭激烈，本集團之製衣業務必須提升效率，及使其製衣過程更富靈活性。

於一九九八年年初，本集團的製衣部門開展積極進取之削減成本計劃。至一九九八年年底，每月的經常費用經已大幅減少27%，而若干租務合約之開支亦已縮減36%。除致力削減成本外，管理層還藉著重組工作流程以提升效率，藉以：(1)剔除在生產線中可能閑置之設備；及(2)簡化生產以提高營運效率。

為保持靈活性及競爭力，製衣部門將會繼續縮減規模，將若干生產工序分判給集團以外之工廠。在本集團之現有業務中，多條生產線將改為生產較高增值之貨品。同時亦會繼續減低存貨量，使本集團製衣業務之成本效益可進一步提高。

MANUFACTURING

The Group's manufacturing sales fell by 20% in 1998 to HK$625.2 million. However, consolidated manufacturing sales — i.e. net of sales to the Group's own retail operations — amounted to HK$312.9 million, which represented an increase of 11%. Profit contribution to the Group was up by 34% to HK$10.7 million.

Despite the slight increase in sales to external customers, overall manufacturing sales fell in 1998 due to plummeting sales to the Group's own retail operations, which were affected by outsourcing. The regional retail operations had taken advantage of the weakened local currencies by turning to local sourcing in order to secure better margins. For our sales to external customers, the increase mainly came from U.S. customers who appreciate the high quality of our products notwithstanding the higher cost associated with the strong Renminbi and Hong Kong dollars. However, due to strong price competition in a declining market, our manufacturing operations must enhance its efficiency and become more flexible with its manufacturing process.

In early 1998, our manufacturing units embarked on an aggressive cost reduction program. Towards the end of 1998, monthly overheads had been slashed by 27% and the expenses on certain rental contracts had also been reduced by 36%. In addition to these cost control efforts, management had also worked to increase efficiency by restructuring work flows for the purpose of: (1) eliminating possible idling in the production line; and (2) streamlining production to enhance operating efficiency.

In order to remain flexible and competitive, the manufacturing division will continue to downsize by sub-contracting certain work processes to external factories. Within our existing operations, a number of production lines will be switched to cater for the production of higher value-adding merchandise. Inventory level will continue to be trimmed so that the cost effectiveness of our manufacturing operations can be further improved.

針織產品部 KNITWEAR DIVISION

		1998	1997	1996	1995	1994
銷售額(百萬港元)	Sales *(HK$m)*	**202.4**	347.3	643.4	665.1	406.7
於年底之每月生產量(千打)	Monthly capacity at year end *('000 dozens)*	**26**	116	143	165	70
工人數目	Number of workers	**711**	2,411	3,842	4,577	2,198
佔銷售額之百分比:	**Percentage of sales to:**					
本集團	The Group	**54**	74	62	66	60
第三者	Third Parties					
美國	USA	**24**	3	5	2	1
菲律賓	Philippines	**14**	10	7	3	–
日本	Japan	**4**	6	18	21	23
中國大陸	Mainland China	**1**	3	–	–	7
其他市場	Others	**3**	4	8	8	9

梭織產品部 WOVEN DIVISION

		1998	1997	1996	1995	1994
銷售額(百萬港元)	Sales *(HK$m)*	**411.1**	430.3	444.2	395.6	246.2
於年底之每月生產量(千件)	Monthly capacity at year end *('000 pieces)*	**590**	560	610	480	300
工人數目	Number of workers	**2,751**	2,510	2,462	1,841	1,310
佔銷售額之百分比：	**Percentage of sales to:**					
本集團	The Group	**49**	57	51	67	66
第三者	Third Parties					
日本	Japan	**35**	29	44	30	26
香港	Hong Kong	**15**	10	–	–	–
韓國	Korea	**1**	4	5	3	4
中國大陸	Mainland China	**–**	–	–	–	2
其他市場	Others	**–**	–	–	–	2

流動現金及資金來源

本集團之貿易融資及循環貸款融資來自6間主要銀行，合共404,300,000港元。銀行貸款之利息乃按浮動利率計算。於一九九八年十二月三十一日，本集團並未動用任何貸款融資。於一九九八年十二月三十一日，融資租賃債務為26,300,000港元，該債務乃以人民幣計算，按年息率12厘計息，並於二零零五年屆滿，以每月固定分期付款方式支付，該債務乃用於購買中國大陸之租賃土地及樓宇。尚未償還之人民幣負債並無對沖。本集團於一九九八年十二月三十一日之總債務對股值比率為0.3。

於一九九八年十二月三十一日，本集團之營運資金增加7%至700,600,000港元，而現金及銀行結餘較一九九七年大幅上升76.7%至339,800,000港元。

於一九九八年十二月三十一日，本集團之總資產為1,435,400,000港元。總資產值回報率為5.3%，而去年則錄得4.8%。

根據目前之現金狀況及可動用之銀行融資，本集團深信，本集團具有充裕資金應付營運業務及日後發展所需。

展望

亞洲金融危機所造成之破壞性影響，為整個地區的行業帶來沉重打擊。在市場需求一片呆滯期間，許多行業之經營規模經已縮小，很多更乾脆結業。從正面來看，目前之危機有助恢復市場秩序，並淘汰表現欠佳者。於作出該等調整後，市場應可為尚存企業提供更健康之發展環境。在這個動盪時期，明智的經營者(即該等不僅擁有多餘現金，而更重要是具備敏銳洞察力及勇氣，敢於走在市場前方之經營者)有充裕之發展機會。彼等如作出正確之選擇及決定，最終會獲得可觀回報。佐丹奴管理層目前審慎地與市場發展趨勢並進，以便掌握隨時出現的業務發展機會。

LIQUIDITY AND CAPITAL RESOURCES

The Group has trade finance and revolving loan facilities from 6 major banks totalling HK$404.3 million. Interest on bank loans is charged on a floating rate basis. As at 31st December, 1998, the Group had not utilised any of the loan facilities. The obligations under finance leases as at 31st December, 1998 was an amount of HK$26.3 million denominated in Renminbi payable by fixed monthly instalments at an annual interest rate of 12% maturing in 2005 for the purchase of a leasehold land and building in Mainland China. The outstanding liability in Renminbi is unhedged. The Group's total debt to equity ratio as at 31st December, 1998 remained at 0.3.

As at 31st December, 1998, the working capital of the Group improved by 7% to HK$700.6 million while cash and bank balances increased significantly by 76.7% to HK$339.8 million when compared to 1997.

As at 31st December, 1998, the Group's total assets stood at HK$1,435.4 million. The return on total assets was 5.3% compared to 4.8% reported last year.

Based on the current cash position and the availability of banking facilities, the Group is confident to have sufficient funds to meet funding requirements for business operations and future opportunities.

PROSPECTS

The devastating Asian financial crisis has caused much pain to businesses throughout the region. In a period of slackening market demand, many businesses have shrunk their size of operations, while many more have simply gone under. On the brighter side of things, the current crisis has helped to restore order in the marketplace and weeded out the non-performers. Following these adjustments, the marketplace may have become a healthier place for the remaining survivors. In such turbulent times, there is an abundance of opportunities for the shrewd operators — those who not only have in their possession some spare cash, but more importantly, the insights and the courage to stay one step ahead of the marketplace. With the right choice and decision, they could eventually be handsomely rewarded. The Giordano management is consciously following developments in the market with a view to identifying possible business opportunities.

由於亞洲金融危機持續蔓延，因此數月前所訂定之各項計劃，將須重新探討或至少要暫時擱置。然而，本集團依然緊守承諾，計劃將業務拓展至澳洲，本集團現正致力成立一合營企業，有關工作將於年中完成，並且計劃於一九九九年年底前在主要城市開展經營店舖網絡。

As the contagion of the Asian crisis continued to spread, projects which were on our drawing board a few months ago would need to be revisited or at least temporarily shelved. However, we are still firmly committed to our expansion plan into Australia. We are working on the establishment of a joint venture to be completed by the middle of the year and a network of shops scheduled to be up and running in the major cities before the end of 1999.

雖然不能期望亞洲金融危機一覺醒來便消散，但本集團對本身業務之前景依然感到樂觀。於一九九八年下半年，作為救市計劃之一部分，香港及亞洲多個政府實施復甦性質的擴張貨幣政策以穩定經濟。於年底時，有多個經濟指標顯示區內若干國家的經濟快將復甦。

While one cannot expect the Asian financial crisis to go away tomorrow, we remain optimistic on the outlook of our business. In the second half of 1998, as part of a rescue plan, various governments in Hong Kong and Asia introduced reflationary monetary policies to stabilize the economy. By year-end, a number of economic indicators appeared to signal prospects that some countries in the region were ready for a rebound.

今日，本集團不僅能抵禦近幾十年經濟最低迷時刻，而且於市場中成為更強大及更具競爭力的經營者。重整成本架構有助本集團降低盈虧平衡點。本集團已變得更加穩固，更能面對危機帶來之挑戰。同時，本集團對市場環境之變動亦具更大靈活性及更高適應力，本集團能在幾個月內由計劃以至執行在區內進行採購就是一個良好例子。

Today, our Group has not only survived one of the worst economic downturns in recent decades, we have also become a stronger and more competitive operator in the marketplace. The revamping of cost structures has helped lower our breakeven point. We have become less vulnerable and more capable of standing up to the challenge of a crisis. We have also become more flexible and more adaptable to the changes in the market environment. Outsourcing in the region is one example which we have been able to implement from planning to execution in a matter of months.

本集團之零售網絡並無萎縮，相反，其繼續發展及變得更實力雄厚，這一點是藉得注意的。本集團深信，本集團正奠下基石，作好準備於經濟復甦時把握新的發展良機，無論現時經濟情況需持續一年、兩年或三年，本集團必定堅持下去。

A key point to note is that our retail network has not shrunk. Rather, it has grown and become stronger. We are confident that we are laying the groundwork to prepare ourselves to capitalize on new opportunities when the economy recovers. Whether it be one, two or three years down the road, we are standing by.

卓越的見證(1994 – 1998)

1998

AMERCIAN SOCIETY FOR TRAINING & DEVELOPMENT
1998 ASTD 最佳應用獎：顧客服務為本
1998 ASTD EXCELLENCE IN PRACTICE AWARDS:
CUSTOMER SERVICE INITIATIVE
– 表現改善組別
Performance Improvement Category

遠東經濟評論 – REVIEW 200
FAR EASTERN ECONOMIC REVIEW – REVIEW 200
不斷革新以應顧客要求
INNOVATIVE IN RESPONDING TO CUSTOMER NEEDS
– 榜首
Top Spot
被其他公司欲趕上之公司榜
COMPANIES THAT OTHERS TRY TO EMULATE
– 排行第五
No. 5 Spot

香港服務業獎
HONG KONG AWARDS FOR SERVICES
– 1998 香港零售管理協會優質顧客服務獎
1998 HKRMA CUSTOMER SERVICE AWARDS
– 1998 香港貿易發展局服務業獎 - 出口市場推廣
1998 HKTDC SERVICES AWARD - EXPORT MARKETING

香港零售管理協會
HONG KONG RETAIL MANAGEMENT ASSOCIATION
神秘顧客計劃
MYSTERY SHOPPERS PROGRAMME
– 服務行業領袖獎 - 服裝及飾物組別
Service Industry Leader - Fashion & Accessories Category
1998 傑出服務獎
1998 SERVICE & COURTESY AWARD
– 時裝飾物店組別
Fashion & Accessories Category
– 最具服務創意獎：特別獎
Special Awards : The Award for Service Innovation

勞工處
LABOUR DEPARTMENT
勞工處頒發：有效勞資溝通獎
LABOUR DEPARTMENT AWARD FOR EFFECTIVE STAFF COMMUNICATION
– 銀獎
Silver Award

1997

ASIA INC.
亞洲50間最具競爭力公司
ASIA'S 50 MOST COMPETITIVE COMPANIES
– 第十四位
Rank 14

遠東經濟評論 – REVIEW 200
FAR EASTERN ECONOMIC REVIEW – REVIEW 200
不斷革新以應顧客要求
INNOVATIVE IN RESPONDING TO CUSTOMER NEEDS
– 榜首
Top Spot
被其他公司欲趕上之公司榜
COMPANIES THAT OTHERS TRY TO EMULATE
– 排行第六
No. 6 Spot

香港服務業獎
HONG KONG AWARDS FOR SERVICES
– 1997 香港服務業獎：優質顧客服務
1997 HONG KONG AWARDS FOR SERVICES: CUSTOMER SERVICE

香港零售管理協會
HONG KONG RETAIL MANAGEMENT ASSOCIATION
神秘顧客計劃
MYSTERY SHOPPERS PROGRAMME
– 服務組別領袖獎 - 服裝及飾物組別
Service Category Leader - Fashion & Accessories Category
– 服務行業領袖獎
Service Industry Leader

Recognition of Merits (1994 – 1998)

1996

亞洲管理學會
ASIAN INSTITUTE OF MANAGEMENT
亞洲管理大獎
THE ASIAN MANAGEMENT AWARDS
– 人力資源及管理
People Development & Management
– 市場管理
Marketing Management

遠東經濟評論 – **REVIEW 200**
FAR EASTERN ECONOMIC REVIEW – REVIEW 200
不斷革新以應顧客要求
INNOVATIVE IN RESPONDING TO CUSTOMER NEEDS
– 榜首
Top Spot
被其他公司欲趕上之公司榜
COMPANIES THAT OTHERS TRY TO EMULATE
– 排行第二
No. 2 Spot

香港管理專業協會
THE HONG KONG MANAGEMENT ASSOCIATION
卓越服務計劃
A PASSION FOR SERVICE EXCELLENCE PROGRAMME
– 1996最佳管理培訓獎-策略性人力資源管理組別冠軍
Winner of the Award for Excellence in Training 1996 - Strategic HRD Category
– 1996最佳管理培訓獎-全場總冠軍
Overall Winner of the Award for Excellence in Training 1996

香港零售管理協會
HONG KONG RETAIL MANAGEMENT ASSOCIATION
神秘顧客計劃
MYSTERY SHOPPERS PROGRAMME
– 服務組別領袖獎-服裝及飾物組別
Service Category Leader - Fashion & Accessories Category
– 服務行業領袖獎
Service Industry Leader

1995

遠東經濟評論 – **REVIEW 200**
FAR EASTERN ECONOMIC REVIEW – REVIEW 200
不斷革新以應顧客要求
INNOVATIVE IN RESPONDING TO CUSTOMER NEEDS
– 榜首
Top Spot
被其他公司欲趕上之公司榜
COMPANIES THAT OTHERS TRY TO EMULATE
– 排行第二
No. 2 Spot

香港零售管理協會
HONG KONG RETAIL MANAGEMENT ASSOCIATION
1995傑出服務公司獎
1995 SERVICE & COURTESY COMPANY AWARD
– 金獎
Gold Award
傑出服務獎
SERVICE & COURTESY AWARD
– 時裝店/專門店組別
Boutiques/Specialty Stores Category

香港貿易發展局
HONG KONG TRADE DEVELOPMENT COUNCIL
1995香港工業獎
1995 HONG KONG AWARDS FOR INDUSTRY
– 貿易發展局出口市場推廣獎
Trade Development Council Export Marketing Award

1994

遠東經濟評論 – **REVIEW 200**
FAR EASTERN ECONOMIC REVIEW – REVIEW 200
不斷革新以應顧客要求
INNOVATIVE IN RESPONDING TO CUSTOMER NEEDS
– 榜首
Top Spot
被其他公司欲趕上之公司榜
COMPANIES THAT OTHERS TRY TO EMULATE
– 排行第三
No. 3 Spot

香港零售管理協會
HONG KONG RETAIL MANAGEMENT ASSOCIATION
傑出服務獎
SERVICE & COURTESY AWARD
– 時裝店/專門店組別
Boutiques/Specialty Stores Category
傑出服務冠軍大獎
OUTSTANDING SERVICE & COURTESY AWARD

董事會同寅茲向全體股東提呈本公司及本集團截至一九九八年十二月三十一日止年度之報告書及已審核賬目。

The directors have pleasure in submitting their report together with the audited accounts of the Company and the Group for the year ended 31st December, 1998.

主要業務 PRINCIPAL ACTIVITIES

本公司為一投資控股公司。本集團之主要業務為經營零售及分銷「佐丹奴」品牌物有所值之便服及配襯用品。本集團亦同時經營成衣製造業務，供應集團零售業務需求，並向本集團以外之人士供應製成品。

The Company is an investment holding company. The principal business of the Group is the retailing and distribution of value for money casual apparel and accessories under the GIORDANO brand. The Group also carries on apparel manufacturing operations which support the Group's retailing business and supply products to third parties.

按照業務範圍劃分，本集團之營業額及除特殊項目外營業溢利之貢獻分析如下：

An analysis of the Group's turnover and contribution to operating profit excluding exceptional items by activities is as follows:

	1998 營業額 Turnover 千港元 HK$'000	1998 除特殊項目外營業溢利之貢獻 Contribution to operating profit excluding exceptional items 千港元 HK$'000	1997 營業額 Turnover 千港元 HK$'000	1997 除特殊項目外營業溢利之貢獻 Contribution to operating profit excluding exceptional items 千港元 HK$'000
零售及分銷 Retail and Distribution	**2,296,395**	**56,168**	2,732,766	164,045
製衣 Manufacturing	**312,853**	**10,684**	281,598	7,985
	2,609,248	**66,852**	3,014,364	172,030

按照地區劃分，本集團之營業額分析如下：

The geographical analysis of the Group's turnover is as follows:

		1998 千港元 HK$'000	1997 千港元 HK$'000
台灣	Taiwan	**710,125**	753,166
香港	Hong Kong	**652,594**	794,918
中國大陸	Mainland China	**517,806**	576,001
新加坡	Singapore	**233,521**	284,456
日本	Japan	**150,835**	156,483
韓國	Korea	**92,597**	190,774
菲律賓	Philippines	**70,615**	91,224
美國	United States of America	**47,460**	10,585
中東	Middle East	**43,537**	47,251
馬來西亞	Malaysia	**39,682**	38,347
其他地區	Other territories	**50,476**	71,159
		2,609,248	3,014,364

財務資料

本集團截至一九九八年十二月三十一日止年度之業績、現金流動及本公司與本集團於該日之財政狀況俱載於第40至78頁之賬目內。

FINANCIAL INFORMATION

The results and cash flows of the Group for the year ended 31st December, 1998, and the state of affairs of the Company and of the Group as at that date, are set out in the accounts on pages 40 to 78.

五年財務摘要

本集團過去五個財政年度之業績、資產及負債摘要載於第79頁。

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the last five financial years is set out on page 79.

主要供應商及客戶

本集團首五大供應商及客戶所佔的購買及銷售總額均低於30%。

MAJOR SUPPLIERS AND CUSTOMERS

The aggregate percentages of purchases and sales attributable to the Group's five largest suppliers and customers respectively are less than 30%.

股息

中期股息每股1.0仙(一九九七年：5.0仙)已於一九九八年九月三十日派發。截至一九九八年十二月三十一日止之財政年度，董事會建議派發末期股息每股3.5仙(一九九七年：無)。

DIVIDENDS

An interim dividend of 1.0 cent (1997: 5.0 cents) per share was paid on 30th September, 1998. The directors recommend the payment of a final dividend of 3.5 cents (1997: Nil) per share for the financial year ended 31st December, 1998.

股本及購股權

本公司之股本及本公司已授出之購股權於年內變動詳情載於第64至68頁之賬目附註21。

SHARE CAPITAL AND SHARE OPTIONS

Details of the movements in share capital of the Company and share options granted by the Company during the year are shown in note 21 to the accounts on pages 64 to 68.

購回、售出或贖回本公司上市股份

本公司於本年度內在香港聯合交易所有限公司(「聯交所」)購回共5,492,000股本公司之股份，所有購回之股份已被本公司註銷。董事會認為購回股份可提高本公司之每股盈利及價值。有關在本年度內購回股份之詳情載於第65頁之賬目附註21。

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, the Company repurchased a total of 5,492,000 of its own shares on The Stock Exchange of Hong Kong Limited ("Stock Exchange"), all of which had been cancelled. The directors consider the share repurchases will lead to an enhancement of the Company's earnings and the value of its shares. Details on the shares repurchased during the year are set out in note 21 to the accounts on page 65.

股份優先購買權

本公司之細則中並無股份優先購買權之規定，而百慕達法例則無限制此等權利。

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-Laws although there are no restrictions against such rights under the laws of Bermuda.

儲備金

本年度儲備金之變動情況載於第68及69頁之賬目附註22。

RESERVES

Movements in reserves during the year are set out in note 22 to the accounts on pages 68 and 69.

固定資產

本年度內，集團共添置約53,200,000港元之固定資產。本年度固定資產之變動情況載於第59至60頁之賬目附註13。

FIXED ASSETS

During the year, the Group acquired fixed assets of approximately HK$53.2 million. Movements in fixed assets during the year are set out in note 13 to the accounts on pages 59 to 60.

附屬公司

本公司於一九九八年十二月三十一日之主要附屬公司之詳情載於第75至77頁之賬目附註30。

SUBSIDIARIES

Details of the Company's principal subsidiaries at 31st December, 1998 are set out in note 30 to the accounts on pages 75 to 77.

慈善捐款

本集團在本年度內之慈善捐款為234,304港元(一九九七年：66,590港元)。

CHARITABLE DONATIONS

Donations made for charitable purposes by the Group during the year amounted to HK$234,304 (1997: HK$66,590).

董事會

本年度內及截至本報告日為止之董事為：

劉國權先生

William Garrett Bennett 先生

畢滌凡先生

陳鉅添先生

張國良先生

馮永昌先生

吳士元先生

吳卓明先生

根據本公司細則第98條，吳卓明先生及馮永昌先生輪值告退，備選再任。

截至本報告日，本公司董事及本集團高級管理人員之履歷載於第6至8頁。

DIRECTORS

The directors who held office during the year and up to the date of this report were:

Mr. LAU Kwok Kuen, Peter

Mr. William Garrett BENNETT

Mr. Barry John BUTTIFANT

Mr. CHAN Kui Tim, Jimmy

Mr. CHEUNG Kwok Leung, Peter

Mr. FUNG Wing Cheong, Charles

Mr. NG Sze Yuen, Terry

Mr. Edward James WU

Messrs. Edward James Wu and Fung Wing Cheong, Charles retire in accordance with Bye-Law 98 of the Company's Bye-Laws and, being eligible, offer themselves for re-election.

Biographical details of the directors of the Company and senior management of the Group as at the date of this report are set out on pages 6 to 8.

董事享有權益之合約

本公司或其任何附屬公司概無參與訂立於年終或年內任何時間使本公司任何董事擁有不論直接或間接之重大權益之合約。

DIRECTORS' INTERESTS IN CONTRACTS

None of the directors had a material interest, whether directly or indirectly, in any contract of significance subsisting during or at the end of the year to which the Company or any of its subsidiaries was a party.

董事於股份之權益

於一九九八年十二月三十一日，董事實益擁有本公司的股份如下：

董事	持有股份數目及權益性質 Number of shares held and nature of interest				已授出而尚未行使之購股權可認購股份之數目 Number of shares over which options have been granted which remained outstanding
	個人	家屬	法團	總額	
Director	Personal	Family	Corporate	Total	
劉國權 Lau Kwok Kuen, Peter	3,220,000	-	-	3,220,000	15,000,000
陳鉅添 Chan Kui Tim, Jimmy	780,000	-	-	780,000	11,000,000
張國良 Cheung Kwok Leung, Peter	-	-	-	-	1,600,000
馮永昌 Fung Wing Cheong, Charles	-	-	-	-	700,000
吳士元 Ng Sze Yuen, Terry	880,000	-	-	880,000	700,000

除上述披露外，各董事及彼等之聯繫人士概無於本公司或其任何相聯法團（按證券（披露權益）條例（「該條例」）之涵義）之股本權益中擁有任何須遵照該條例第28條知會本公司及聯交所之權益（包括根據該條例第31條或附件第I部被視為或假定擁有之權益）或須遵照該條例第29條列入所述之登記名冊內之權益。

DIRECTORS' INTEREST IN SHARE CAPITAL

At 31st December, 1998, the interests of the directors in the share capital of the Company were as follows:

Save as disclosed above, none of the directors and their associates had any interests in the share capital of the Company or its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance ("Ordinance")) which have to be notified to the Company and the Stock Exchange pursuant to section 28 of the Ordinance (including interests which they are deemed or taken to have under section 31 of, or Part I of the Schedule to, the Ordinance) or which are required, pursuant to section 29 of the Ordinance, to be entered in the register referred to therein.

董事購入股份或債券之權利

本年度內，本公司沒有向本公司之董事授予任何可認購本公司股份之購股權。此外，沒有任何董事於年內行使年前授予之購股權。

除上述者外，本公司或其任何附屬公司年內概無訂立任何安排，致使本公司董事可藉購入本公司或其他法團之股份或債券而獲益。

DIRECTORS' BENEFITS FROM RIGHTS TO ACQUIRE SHARES OR DEBENTURES

During the year, none of the directors of the Company was granted options to subscribe for shares of the Company. In addition, none of the options granted to the directors previously was exercised by the directors during the year.

Apart from the above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

主要股東權益

於一九九八年十二月三十一日，根據該條例第16條，下列資料已記錄在本公司保存之登記冊內：

股東名稱 Name of shareholders	股份數目 Number of shares
Tiger Management Corporation *(1)*	82,043,300
Harris Associates L.P. *(2)*	101,074,000

附註：

(1) 本公司股本中之股份合共82,043,300股乃由保管人代Tiger Management L.L.C.（「TMLLC」）及Tiger Performance L.L.C.（「TPLLC」）管理之基金持有。Julian H. Robertson, Jr. 先生為Tiger Management Corporation（「TMC」）（TMC為TMLLC及TPLLC之高級管理成員）之唯一股東。

(2) 本公司股本中之股份合共101,074,000股乃由代理人代The Oakmark International Fund（「OIF」）、The Oakmark International Small Cap Fund（「OISCF」）、the New England Star Worldwide Fund（「NESWF」）、the Masters Select International Fund（「MSIF」）及MetLife International Equity Account（「MIEA」）持有。Harris Associates L.P.（「Harris」）乃OIF及OISCF之投資顧問及NESWF及MSIF之副顧問。Harris亦管理MIEA。

除上述披露外，各董事並不知悉有任何其他人士持有佔本公司已發行股本10%或以上之股份。

服務合約

在即將召開之股東週年大會上應選連任之董事，概無與本公司或其附屬公司訂立本集團不可於一年內無須賠償（法定補償除外）而終止之服務合約。

SUBSTANTIAL SHAREHOLDERS' INTERESTS

At 31st December, 1998, the following information was recorded in the register kept by the Company under section 16 of the Ordinance:

Name of shareholders	Number of shares
Tiger Management Corporation *(1)*	82,043,300
Harris Associates L.P. *(2)*	101,074,000

Notes:

(1) A total of 82,043,300 shares of the Company was held by custodian(s) for funds managed by Tiger Management L.L.C. ("TMLLC") and Tiger Performance L.L.C. ("TPLLC"). Mr. Julian H. Robertson, Jr. is the sole shareholder of Tiger Management Corporation ("TMC"), the senior managing member of both TMLLC and TPLLC.

(2) A total of 101,074,000 shares of the Company was held by nominees for The Oakmark International Fund ("OIF"), The Oakmark International Small Cap Fund ("OISCF"), the New England Star Worldwide Fund ("NESWF"), the Masters Select International Fund ("MSIF") and MetLife International Equity Account ("MIEA"). Harris Associates L.P. ("Harris") is an investment advisor to OIF and OISCF and a sub-advisor to NESWF and MSIF. Harris also manages MIEA.

Save as disclosed above, the directors are not aware of any other person having an interest in shares representing 10% or more of the issued share capital of the Company.

SERVICE CONTRACTS

The directors being proposed for re-election at the forthcoming annual general meeting do not have any service contract with the Company or its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

銀行貸款、透支及其它借款

於一九九八年十二月三十一日，除其他借款須於以下期間償還外，本公司並無銀行貸款及透支：

BANK LOANS, OVERDRAFTS AND OTHER BORROWINGS

At 31st December, 1998, the Company do not have any bank loans and overdrafts except other borrowings which are repayable over the following periods:

		融資租賃債務 Obligations under finance leases 千港元 HK$'000
即付或一年內	On demand or within one year	4,261
一年至兩年內	Between one and two years	4,258
兩年至五年內	Between two and five years	12,772
五年以上	Over five years	4,968
		26,259

遵守最佳應用守則

董事會認為，本公司於本年度內一直遵守聯交所證券上市規則附錄14所載之最佳應用守則（除指引7：本公司之非執行董事乃根據本公司細則獲委任至輪值告退為止；及指引11：根據公司政策，董事酬金是由本公司董事會委任之補償委員會（由兩位執行董事、兩位獨立非執行董事及一位獨立管理顧問組成）處理）。

COMPLIANCE WITH CODE OF BEST PRACTICE

In the opinion of the directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange throughout the year, except in relation to guideline 7: as non-executive directors of the Company are appointed for a term expiring upon their retirement by rotation as required by the Company's Bye-Laws; and guideline 11: as a matter of Company policy, remuneration of directors is dealt with by a compensation committee appointed by the board of directors of the Company which comprises two executive directors, two independent non-executive directors and an independent management consultant.

審核委員會

董事會已成立一個由不少於兩位獨立非執行董事為成員之審核委員會，並且已接納一份職權範圍書，列明審核委員會之職權及責任。現時審核委員會之成員為畢滌凡先生及吳卓明先生。

Audit Committee

The board of directors has established the Audit Committee comprising not less than two independent non-executive directors and has adopted the terms of reference governing the authority and duties of the Audit Committee. The present members of the Audit Committee are Messrs. Barry John Buttifant and Edward James Wu.

應付公元2000年電腦問題

本集團注意到當公元2000年來臨時，部分電腦程式及硬件可能不可以正常運作。祇用兩位數字來識別年度之電腦系統，將有機會未能分辨公元1900年及公元2000年。

為確保本集團所有電腦系統運作能應付公元2000年電腦問題，董事會已委任十人組成之項目小組(成員亦包括集團之電腦系統專業人員)負責處理該問題。截至今天，有關檢討本集團的電腦系統工作已經完成，而有關轉換本集團之電腦系統及其測試及全面應用，預期可於一九九九年年中完成。故此，公元2000年電腦問題將不會對本集團之運作構成任何不利影響。

在應付公元2000年電腦問題計劃中，需提升電腦硬件及修改電腦軟件，已支出之費用約2,000,000港元。完成該計劃，本集團預算須再支出約2,000,000港元。

核數師

永道會計師事務所已與羅兵咸會計師事務所合併，現以羅兵咸永道會計師事務所之名稱執業。彼等已以新名稱簽署核數師報告書。羅兵咸永道會計師事務所願膺選連任，而續聘彼等之有關決議案將於股東週年大會上提呈。

承董事會命

劉國權
主席

香港，一九九九年三月二十四日

YEAR 2000 COMPLIANCE

The Group is well aware that certain computer programmes and hardwares in use might not function effectively in year 2000. Systems which use only two digits to identify the year may fail to differentiate between year 1900 and year 2000.

The Board of Directors has appointed a project team of ten members, which also comprises in-house systems specialists, to ensure all systems in use by the Group are Year 2000 compliant. As at the date hereof, reviews on the Group's systems have been completed and the conversion work of the Group's systems and its testing and implementation are expected to be completed by mid 1999. Therefore, the Year 2000 issue will not have any adverse effect on the operations of the Group.

The costs expended to date for the Year 2000 compliance project for upgrading the hardware and modifying the software were approximately HK$2,000,000. It is estimated that further costs of approximately HK$2,000,000 will have to be expended for completion of the project.

AUDITORS

Our auditors, Coopers & Lybrand, have merged their practice with Price Waterhouse and now practise in the name of PricewaterhouseCoopers. They have signed the auditors' report in their new name. PricewaterhouseCoopers being eligible, offer themselves for re-appointment, and a resolution to this effect will be proposed at the forthcoming Annual General Meeting.

On behalf of the board

LAU KWOK KUEN, PETER
Chairman

Hong Kong, 24th March, 1999

PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

致 GIORDANO INTERNATIONAL LIMITED 全體股東
(於百慕達註冊成立之有限公司)

本核數師已完成審核刊於第40至78頁按照香港普遍採納之會計原則編製之賬目。

董事及核數師各自之責任

公司董事有責任編製真實兼公平之賬目。在編製該等真實兼公平之賬目時，董事必須採用適當之會計政策，並且貫徹應用該等會計政策。

本核數師之責任是根據審核之結果，對該等賬目作出獨立意見，並向股東報告。

意見之基礎

本核數師已按照香港會計師公會頒布之核數準則進行審核工作。審核範圍包括以抽查方式查核與賬目所載數額及披露事項有關之憑證，亦包括評審董事於編製賬目時所作之重大估計和判斷、所採用之會計政策是否適合 貴公司及 貴集團之具體情況、及有否貫徹應用並足夠披露該等會計政策。

本核數師在策劃和進行審核工作時，均以取得所有本核數師認為必需之資料及解釋為目標，以便獲得充份憑證，就該等賬目是否存有重大錯誤陳述，作出合理之確定。在作出意見時，本核數師亦已評估該等賬目所載之資料在整體上是否足夠。本核數師相信我們之審核工作已為下列意見提供合理之基礎。

TO THE SHAREHOLDERS OF GIORDANO INTERNATIONAL LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the accounts set out on pages 40 to 78 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Company's directors are responsible for the preparation of accounts which give a true and fair view. In preparing accounts which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the accounts are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts. We believe that our audit provides a reasonable basis for our opinion.

核數師報告書

意見

本核數師認為，上述之賬目在各重大方面足以真實兼公平地顯示　貴公司及　貴集團於一九九八年十二月三十一日結算時之財政狀況，及　貴集團截至該日止年度之溢利及現金流量，並按照香港公司條例之披露規定妥為編製。

羅兵咸永道會計師事務所
香港執業會計師

香港，一九九九年三月二十四日

Auditors' Report

OPINION

In our opinion, the accounts give a true and fair view, in all material respects, of the state of affairs of the Company and the Group at 31st December, 1998 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 24th March, 1999

綜合損益賬
截至一九九八年十二月三十一日止年度

Consolidated Profit and Loss Account
For the year ended 31st December, 1998

		附註 Note	1998 千港元 HK$'000	1997 千港元 HK$'000
營業額	Turnover	2	**2,609,248**	3,014,364
除特殊項目外之經營溢利	Operating profit excluding exceptional items	4	**66,852**	172,030
特殊項目	Exceptional items		**–**	(116,166)
經營溢利	Operating profit		**66,852**	55,864
應佔聯營公司之溢利	Share of profit of associated companies		**21,491**	26,148
除稅前溢利	Profit before taxation		**88,343**	82,012
稅項	Taxation	7	**(12,179)**	(19,351)
除稅後溢利	Profit after taxation		**76,164**	62,661
少數股東權益	Minority interests		**(77)**	5,314
股東應佔溢利	Profit attributable to the shareholders	8	**76,087**	67,975
股息	Dividends	9	**31,540**	34,835
每股盈利	Earnings per share	10	**10.8¢**	9.6¢

載於第44至78頁之附註為本賬目之一部分。

The notes on pages 44 to 78 form an integral part of these accounts.

核數師報告書載於第38及39頁

Auditors' report - pages 38 and 39

資產負債表
一九九八年十二月三十一日

Balance Sheets
At 31st December, 1998

			集團 Group		公司 Company	
			1998	1997	**1998**	1997
		附註	**千港元**	千港元	**千港元**	千港元
		Note	**HK$'000**	HK$'000	**HK$'000**	HK$'000
無形資產	Intangible assets	11	**2,998**	2,505	**–**	–
遞延稅項	Deferred taxation	12	**7,447**	4,566	**–**	(93)
固定資產	Fixed assets	13	**240,161**	284,084	**1,590**	1,209
發展中物業	Property under development	14	**133,060**	106,765	**–**	–
所佔附屬公司之權益	Interest in subsidiaries	15	**–**	–	**1,041,269**	1,090,952
所佔聯營公司之權益	Interest in associated companies	16	**49,920**	42,096	**–**	–
其他投資	Other investments	17	**–**	122	**–**	–
流動資產	Current assets	18	**1,001,804**	968,527	**180,555**	61,173
流動負債	Current liabilities	19	**(301,204)**	(314,328)	**(26,042)**	(8,542)
流動資產淨值	Net current assets		**700,600**	654,199	**154,513**	52,631
			1,134,186	1,094,337	**1,197,372**	1,144,699
股本	Share capital	21	**69,979**	70,528	**69,979**	70,528
儲備金	Reserves	22	**1,041,165**	998,413	**1,127,393**	1,074,171
股東資金	Shareholders' funds		**1,111,144**	1,068,941	**1,197,372**	1,144,699
融資租賃債務－長期部分	Obligations under finance leases - long term portion	23	**21,998**	26,308	**–**	–
少數股東權益及貸款	Interests of and loan from minority shareholders	24	**1,044**	(912)	**–**	–
			1,134,186	1,094,337	**1,197,372**	1,144,699

劉國權
LAU KWOK KUEN, PETER
董事
Director

陳鉅添
CHAN KUI TIM, JIMMY
董事
Director

載於第44至78頁之附註為本賬目之一部分。

The notes on pages 44 to 78 form an integral part of these accounts.

核數師報告書載於第38及39頁

Auditors' report - pages 38 and 39

綜合現金流動報表
截至一九九八年十二月三十一日止年度

Consolidated Cash Flow Statement
For the year ended 31st December, 1998

		附註 Note	1998 千港元 HK$'000	1997 千港元 HK$'000
經營業務所得現金流入淨額	**Net cash inflow from operating activities**	27	**236,949**	297,230
投資回報與融資償還:	**Returns on investments and servicing of finance:**			
收取利息	Interest received		**10,632**	9,269
支付利息	Interest paid		**(232)**	(635)
融資租賃之利息支出	Interest on finance leases		**(3,153)**	(3,144)
收取聯營公司股息	Dividends received from associated companies		**9,870**	10,437
支付股息	Dividends paid		**(7,048)**	(116,378)
投資回報與融資償還之現金流入／(流出)淨額	**Net cash inflow/(outflow) from returns on investments and servicing of finance**		**10,069**	(100,451)
稅項:	**Taxation:**			
繳付香港利得稅	Hong Kong profits tax paid		**(1,970)**	(15,403)
繳付海外稅項	Overseas tax paid		**(10,878)**	(23,952)
已繳稅項	**Tax paid**		**(12,848)**	(39,355)
投資業務:	**Investing activities:**			
購買固定資產	Purchase of fixed assets		**(53,200)**	(70,240)
發展中物業之增加	Additions to property under development		**(26,295)**	(7,311)
出售固定資產收入	Proceeds from sale of fixed assets		**3,821**	3,478
出售其他投資項目收入	Proceeds from sale of other investments		**386**	1,095
少數股東的資本投入	Capital contribution from minority shareholders		**417**	–
購買附屬公司餘下權益	Purchase of remaining interests in a subsidiary		**(2,213)**	–
購買無形資產	Purchase of intangible assets		**(998)**	(822)
投資業務之現金流出淨額	**Net cash outflow from investing activities**		**(78,082)**	(73,800)
融資前之現金流入淨額轉第43頁	**Net cash inflow before financing carried forward to page 43**		**156,088**	83,624

載於第44至78頁之附註為本賬目之一部分。

The notes on pages 44 to 78 form an integral part of these accounts.

核數師報告書載於第38及39頁

Auditors' report - pages 38 and 39

綜合現金流動報表
截至一九九八年十二月三十一日止年度

Consolidated Cash Flow Statement
For the year ended 31st December, 1998

		附註 Note	1998 千港元 HK$'000	1997 千港元 HK$'000
融資前之現金流入淨額承第42頁	**Net cash inflow before financing brought forward from page 42**		**156,088**	83,624
融資:	**Financing:**			
償還融資租賃債務	Repayment of obligations under finance leases	28	**(4,370)**	(4,347)
發行股份收入	Proceeds from issue of share capital		**–**	10,910
股份購回	Repurchase of shares	21	**(5,676)**	(37,708)
融資所得現金流出淨額	**Net cash outflow from financing**		**(10,046)**	(31,145)
現金及現金等額之增加	**Increase in cash and cash equivalents**		**146,042**	52,479
年初現金及現金等額結存	**Cash and cash equivalents at the beginning of the year**		**192,237**	178,081
外幣滙率變動之影響	**Effect of foreign exchange rate changes**		**1,489**	(38,323)
年終現金及現金等額結存	**Cash and cash equivalents at the end of the year**	29	**339,768**	192,237

載於第44至78頁之附註為本賬目之一部分。

The notes on pages 44 to 78 form an integral part of these accounts.

核數師報告書載於第38及39頁

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賬目附註
一九九八年十二月三十一日

1. 主要會計政策

本賬目均按照香港公認會計原則及香港會計師公會頒布之會計實務準則編制。在編制賬目中所採用之主要會計政策列出如下：

(a) 綜合基準

(i) 綜合賬目包括本公司及其附屬公司截至一九九八年十二月三十一日止之賬目。

(ii) 集團內部之重大交易及結餘已於綜合賬目時對銷。

(iii) 於本年度內收購之附屬公司業績由收購生效日起計算在綜合損益賬內。

(iv) 少數股東權益指外界股東所佔附屬公司經營成果及資產淨值之權益。

(v) 於綜合賬目時產生之綜合資本儲備金或商譽是指收購附屬公司時該附屬公司資產淨值之公平價值超越或低於投資成本所產生之數。

(vi) 於綜合賬目時產生之資本儲備金直接撥入儲備金內。而綜合商譽會與綜合資本儲備對銷，如儲備金數額不足以對銷，則在其它儲備金賬目中抵銷。

(b) 附屬公司

附屬公司指本集團直接或間接持有多於50%投票權或已發行股本或擁有組成董事會之控制權之公司。

Notes to the Accounts
At 31st December, 1998

1. PRINCIPAL ACCOUNTING POLICIES

The accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and the accounting standards issued by the Hong Kong Society of Accountants. The principal accounting policies which have been adopted in the preparation of these accounts are set out below:

(a) Basis of consolidation

(i) The consolidated accounts incorporate the accounts of the Company and its subsidiaries made up to 31st December, 1998.

(ii) All material intercompany transactions and balances within the Group are eliminated on consolidation.

(iii) The results of subsidiaries acquired during the year are dealt with in the consolidated profit and loss account from the effective dates of acquisition.

(iv) Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

(v) Capital reserve or goodwill arising on consolidation represents the excess or deficit respectively of the fair value of the net assets of the subsidiaries at the dates of acquisition over the value of the consideration paid.

(vi) Capital reserve arising on consolidation is taken directly to reserves. Goodwill arising on consolidation is eliminated against any capital reserve arising on consolidation and, where the reserve is insufficient, against other available reserves.

(b) Subsidiaries

A subsidiary is a company in which the Company, directly or indirectly, controls more than 50% of its voting power or issued share capital or controls the composition of its board of directors.

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1. 主要會計政策(續)

(b) **附屬公司**(續)

附屬公司投資數額,以成本納入本公司之資產負債表內,並根據董事之意見減除永久減值準備。

(c) **聯營公司**

聯營公司乃除附屬公司外本集團長期持有其股本權益並對其管理有重大影響力之公司。

綜合損益賬包括本集團應佔聯營公司之業績,而綜合資產負債表則包括本集團應佔聯營公司資產淨值加已付溢價及減除折扣。

(d) **固定資產**

(i) 永久業權土地以成本值入賬及不作攤銷。

(ii) 租約土地及其樓宇、裝修及其它固定資產以成本值扣除累積攤銷或折舊後入賬。成本值指資產之購買價格及其他有關費用。

(iii) 租約土地之攤銷是以其成本值按剩餘租約年期計算。

(iv) 持有租約之樓宇及裝修之折舊是以其賬面金額按剩餘租約年期或其估計於本集團可使用年期兩者之較短者計算。賬面金額指包括在資產負債表內以成本值或估值價經扣除累積折舊之金額。

核數師報告書載於第38及39頁

Notes to the Accounts

At 31st December, 1998

1. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(b) **Subsidiaries** (Cont'd)

Investments in subsidiaries are carried in the Company's balance sheet at cost, unless, in the opinion of the directors, there has been a permanent diminution in value when they are written down to directors' valuation.

(c) **Associated companies**

An associated company is a company, not being a subsidiary, in which an equity interest is held for long term and significant influence is exercised in its management.

The consolidated profit and loss account includes the Group's share of the results of associated companies for the year, and the consolidated balance sheet includes the Group's share of net assets of the associated companies, plus premiums paid less discounts allowed.

(d) **Fixed assets**

(i) Freehold land is stated at cost and is not amortised.

(ii) Leasehold land and buildings, leasehold improvements and other fixed assets are stated at cost less accumulated amortisation or depreciation. Cost represents the purchase price of the asset and other costs incurred to bring the asset into its existing use.

(iii) Amortisation of leasehold land is calculated to write off its cost over the unexpired period of the lease.

(iv) Depreciation of leasehold buildings and improvements is calculated to write off their carrying amounts over the unexpired periods of the leases or their expected useful lives to the Group whichever is shorter. An asset's carrying amount is the amount at which it is included in the balance sheet, whether at cost or valuation, after deducting any accumulated depreciation.

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賬目附註
一九九八年十二月三十一日

1. 主要會計政策(續)

(d) **固定資產**(續)

(v) 其他固定資產之折舊乃將資產成本值按其估計於本集團可使用年期以直線方式撇銷，採用之主要折舊年率如下：

機器及設備	
傢俬及固定裝置	
辦公室設備	
汽車	
遊艇	

(vi) 固定資產之賬面值均定期檢查，以評估其可收回價值是否已跌至低於其賬面值。

(vii) 固定資產重修至其正常運作狀態之主要成本支出均在損益賬支銷。

(viii) 出售固定資產之溢利或虧損指出售淨收益與有關資產之賬面金額之差額，並於損益賬內處理。

(ix) 租賃資產

除法定所有權外，將擁有資產之回報及風險基本上全部轉讓予集團之租賃，均作為融資租賃列賬。融資租賃開始時，是以資產之公平價值連同日後需繳付之租金(不包括利息部分)之債務入賬。

向出租人支付之款項被視作包括資本及利息兩大部分。財務費用按尚欠資本結餘之比例在損益賬中支銷。

Notes to the Accounts
At 31st December, 1998

1. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(d) **Fixed assets** (Cont'd)

(v) Depreciation of other fixed assets is calculated to write off their costs on the straight line basis over their expected useful lives to the Group. The principal annual rates used for this purpose are:

Plant and machinery	20%
Furniture and fixtures	20% – 50%
Office equipment	20% – 25%
Motor vehicles	20% – 25%
Leisure boat	20%

(vi) The carrying amounts of fixed assets are reviewed regularly to assess whether their recoverable amounts have declined below their carrying amounts.

(vii) Major costs incurred in restoring fixed assets to their normal working condition are charged to the profit and loss account.

(viii) The gain or loss on disposal of a fixed asset is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the profit and loss account.

(ix) Assets under leases

Leases that substantially transfer to the Group all the rewards and risks of ownership of assets, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the fair value of the asset is recorded together with the obligation, excluding the interest element, to pay future rentals.

Payments to the lessor are treated as consisting of captial and interest elements. Finance charges are debited to the profit and loss account in proportion to the capital balances outstanding.

核數師報告書載於第38及39頁

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賬目附註
一九九八年十二月三十一日

1. 主要會計政策(續)

(d) **固定資產**(續)

(ix) 租賃資產(續)

以融資租賃持有之資產按租約期或資產之估計可用年限(以兩者之較短者)計算折舊。

擁有資產之回報及風險基本上全部由出租公司保留之租賃，皆作為經營租賃入賬。經營租賃之租金在租賃期內以直線法在損益賬中支銷。

(e) **發展中物業**

發展中物業以成本值入賬。此成本值包括土地及有關發展之成本。

(f) **無形資產**

零售商店及辦公室之開辦費及租約溢價分類為無形資產並以成本值扣除累積攤銷入賬。攤銷金額乃根據成本值按各有關之租約期限以直線法計算。

(g) **其他投資**

購入之會所債券予以資本化及於三年內攤銷。

(h) **存貨**

存貨按成本與可變現淨值兩者中之較低值入賬。成本乃按加權平均之基準並按下列方法計算：

(i) 原料及購入貨品 — 按發票價加採購成本。

(ii) 在製貨品及製成品 — 直接物料成本、直接勞工成本及應佔之生產費用。

Notes to the Accounts
At 31st December, 1998

1. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(d) **Fixed assets** (Cont'd)

(ix) Assets under leases (Cont'd)

Assets held under finance leases are depreciated over the shorter of their estimated useful lives or lease periods.

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Rentals applicable to such operating leases are charged to the profit and loss account on a straight line basis over the lease term.

(e) **Property under development**

Property under development are stated at cost, comprising land and related development costs.

(f) **Intangible assets**

Preliminary expenses and lease premiums in respect of retail shops and office premises are classified as intangible assets and are stated at cost less accumulated amortisation. Amortisation is provided on the straight line basis over the terms of the respective leases.

(g) **Other investments**

Purchased club debentures are capitalised and amortised over a period of three years.

(h) **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and is arrived at as follows:

(i) Raw materials and purchased goods – invoiced prices plus procurement costs.

(ii) Work in progress and finished goods – cost of direct materials, direct labour and an appropriate proportion of production overheads.

核數師報告書載於第38及39頁

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1. 主要會計政策(續)

(h) **存貨**(續)

可變現淨值乃存貨在正常業務情況下之售價扣除變賣費用,及扣除製成產品之估計成本。

(i) **稅項**

稅項乃根據是年度之溢利計算,且已就若干毋須課稅或不獲寬減之項目作出調整。部分收入及支出項目在稅務上及賬目上計入不同年度而引致時間差距。倘若時差在稅項上之影響有可能在可見將來確定為稅務負債或資產,則在賬目中採用負債法作出準備。

(j) **外幣換算**

年內之外幣交易乃按交易當日之滙率換算為港元。以外幣結算之貨幣性資產及負債均以資產負債表結算日之滙率換算成為港元入賬。所產生之滙兌差額均已計入經營業績內。

海外附屬公司及分公司之賬目乃按資產負債表結算日之滙率換算成為港元。此等公司之股本(包括等同股本之永久性質的長期貸款)及期初儲備金之滙兌差額已直接撥入滙兌儲備金內。

1. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(h) **Inventories** (Cont'd)

Net realisable value is the price at which inventories can be sold in the normal course of business after allowing for the costs of realisation and, where appropriate, the cost of conversion from their existing state to a finished condition.

(i) **Taxation**

The charge for taxation is based on the profit for the year as adjusted for items which are non-assessable or disallowable. Timing differences arise from the recognition for tax purposes of certain items of income and expense in a different accounting period from that in which they are recognised in the accounts. The tax effect of timing differences, computed under the liability method, is recognised in the accounts to the extent that it is probable a liability or an asset will crystallise in the foreseeable future.

(j) **Translation of foreign currencies**

Foreign currency transactions during the year are translated into Hong Kong dollars at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are incorporated into the accounts by translating foreign currencies into Hong Kong dollars at the rates of exchange ruling at the balance sheet date. Exchange differences arising therefrom are included in operating results.

The accounts of overseas subsidiaries and branches at the year end are translated into Hong Kong dollars at the rates of exchange ruling at the balance sheet date. Exchange differences arising on the translation of share capital (including long term loans which are as permanent as equity in nature) and opening reserves of these entities are taken directly to exchange reserve.

核數師報告書載於第38及39頁

Auditors' report - pages 38 and 39

1. 主要會計政策(續)

(k) **收入**

年內銷貨收入乃於貨物已銷售及交收時確認。

(l) **借貸成本**

所有借貸成本均於發生之年度內在損益賬支銷。

2. 營業額

營業額包括於年內售予集團以外客戶之售貨值，並已扣除退貨及折扣。

3. 收入

於本年度內之主要收入類別的金額如下：

1. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(k) **Revenue**

Revenue in respect of goods sold during the year is recognised on the basis of goods sold and delivered.

(l) **Borrowing costs**

All borrowing costs were recognised as an expense in the period in which they were incurred.

2. TURNOVER

Turnover comprises the total amount receivable for the year from sales to customers outside the Group at invoiced value, less returns and discounts.

3. REVENUE

The amounts of each major category of revenue recognised during the year are as follows:

	集團 Group	
	1998 千港元 **HK$'000**	1997 千港元 HK$'000
零售及分銷業務之營業收入 Sales revenue from retailing and distribution operations	**2,296,395**	2,732,766
製衣業務之營業收入 Sales revenue from manufacturing operations	**312,853**	281,598

4. 除特殊項目外之經營溢利

4. OPERATING PROFIT EXCLUDING EXCEPTIONAL ITEMS

	集團 Group	
	1998	1997
	千港元	千港元
	HK$'000	HK$'000
除特殊項目外之經營溢利已扣除下列各項：	**The operating profit excluding exceptional items is stated after charging:**	
核數師酬金	Auditors' remuneration	**2,266**	2,402
已售存貨成本	Cost of inventories sold	**1,523,173**	1,651,059
自置固定資產折舊	Depreciation of owned fixed assets	**79,239**	95,584
融資租賃之固定資產折舊	Depreciation of fixed assets held under finance leases	**2,861**	2,943
無形資產攤銷	Amortisation of intangible assets	**960**	1,547
其他投資攤銷	Amortisation of other investments	**122**	713
銀行貸款及透支（一年內償還）之利息	Interest on bank loans and overdrafts repayable within 1 year	**232**	635
零售商店、辦公室、工廠及貨倉之經營租賃費用	Operating lease rentals in respect of retail shops, office premises, factories and warehouses	**428,192**	464,078
融資租賃之利息支出	Interest on finance leases	**3,153**	3,144
出售固定資產之淨虧損	Net loss on disposal of fixed assets	**13,665**	484
並已計入：	**and after crediting:**		
利息收入	Interest income	**10,632**	9,269
暫時轉讓出口配額所得之收入淨額	Net income arising from the temporary transfer of export quota entitlements	**5,083**	3,343
出售其他投資項目之盈利	Profit on disposal of other investments	**386**	1,095

核數師報告書載於第38及39頁

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5. 董事及高級管理人員酬金

(a) 獨立非執行董事酬金如下：

		1998 千港元 HK$'000	1997 千港元 HK$'000
董事袍金	Directors' fees	**480**	480

(b) 執行董事酬金如下：

		1998 千港元 HK$'000	1997 千港元 HK$'000
董事管理酬金：	For management:		
基本薪金、房屋津貼、其他津貼及實物收益	Basic salaries, housing allowances, other allowances and benefits in kind	**11,559**	11,721
花紅	Bonuses	**3,400**	6,934
退休金供款	Pension contributions	**457**	484
		15,416	19,139

於本年度內，本公司沒有授出可認購普通股之購股權予任何董事。

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5. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Independent non-executive directors' emoluments are as follows:

	1998 千港元 HK$'000	1997 千港元 HK$'000
Directors' fees	**480**	480

(b) Executive directors' emoluments are as follows:

	1998 千港元 HK$'000	1997 千港元 HK$'000
For management:		
Basic salaries, housing allowances, other allowances and benefits in kind	**11,559**	11,721
Bonuses	**3,400**	6,934
Pension contributions	**457**	484
	15,416	19,139

During the year, none of the directors of the Company was granted options to subscribe for shares of the Company.

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5. 董事及高級管理人員酬金(續)

(c) 董事數目按酬金組別歸類如下。酬金指本公司董事在各財政年度出任董事職位而已收或應收之款項，惟並不包括從購股權計劃中購買本公司之普通股而獲得或將會獲得之利益。

董事酬金 Directors' emoluments 港元 HK$	董事數目 Number of directors 1998	1997
0 – 1,000,000	2	3
1,000,001 – 1,500,000	2	4
1,500,001 – 2,000,000	2	–
3,500,001 – 4,000,000	1	–
4,500,001 – 5,000,000	–	1
5,000,001 – 5,500,000	1	–
8,500,001 – 9,000,000	–	1
	8	9

截至一九九八年十二月三十一日止年度，兩位董事放棄其部分酬金，總數為531,513港元。於一九九七年十二月三十一日止年度，並無董事放棄酬金。

5. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (Cont'd)

(c) The number of directors whose emoluments fell within the following bands are set out below. The emoluments represent the amounts paid to or receivable by the directors while being directors of the Company in the respective financial years and do not include the benefits derived or to be derived from the options granted under the option scheme to acquire the ordinary shares of the Company.

For the year ended 31st December, 1998, two directors waived part of their emoluments totalling HK$531,513. No directors waived any emoluments in respect of the year ended 31st December, 1997.

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5. 董事及高級管理人員酬金(續)

(d) 五位最高薪職員中,四位(一九九七年:三位)為本公司董事,其酬金之詳情已於前段披露。其餘一位(一九九七年:二位)最高薪職員,其酬金總額如下:

	1998 千港元 HK$'000	1997 千港元 HK$'000
基本薪金、房屋津貼、其他津貼及實物收益	**2,132**	4,137
花紅	**500**	666
退休金供款	**98**	191
	2,730	4,994

最高薪職員數目按酬金組別歸類如下:

酬金 Emoluments 港元 HK$	人數 Number of Individuals 1998	1997
2,000,001 – 2,500,000	–	1
2,500,001 – 3,000,000	**1**	1
	1	2

6. 退休金計劃安排

本公司及部分全資附屬公司實行定額供款制公積金計劃(「佐丹奴計劃」)。虎威企業有限公司(本公司之全資附屬公司)亦自行設立定額供款制公積金計劃(「虎威計劃」)。在佐丹奴計劃及虎威計劃下,僱員及僱主分別按僱員每月的薪金5%供款。

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5. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (Cont'd)

(d) Among the five highest paid individuals, four (1997: three) are directors of the Company and the details of their remuneration have already been disclosed in the preceding paragraph. The aggregate amount of the remaining (1997: two) highest paid individual is as follows:

	1998 千港元 HK$'000	1997 千港元 HK$'000
Basic salaries, housing allowances, other allowances and benefits in kind	**2,132**	4,137
Bonuses	**500**	666
Pension contributions	**98**	191
	2,730	4,994

The emoluments of the highest paid individuals fell within the following bands:

酬金 Emoluments 港元 HK$	人數 Number of Individuals 1998	1997
2,000,001 – 2,500,000	–	1
2,500,001 – 3,000,000	**1**	1
	1	2

6. PENSION SCHEME ARRANGEMENTS

The Company and certain of its wholly-owned subsidiaries operate a defined contribution provident fund scheme ("Giordano Scheme"). Tiger Enterprises Limited (a wholly-owned subsidiary of the Company) also separately operates a defined contribution provident fund scheme ("Tiger Scheme"). Under both the Giordano Scheme and the Tiger Scheme, contributions of 5% of the employee's monthly salary are made by each of the employer and the employee.

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6. 退休金計劃安排(續)

在此等計劃下，僱員因終止聘用合約而未能領取之僱主供款，僱主可用作減低其將來之僱主供款水平。截至一九九八年十二月三十一日止年度，在佐丹奴計劃下，此筆用作減低供款之款項金額為4,272,000港元(一九九七年：2,493,000港元)。在虎威計劃下，並無此等可用作減少截至一九九八年十二月三十一日止年度之僱主供款水平(一九九七年：742,000港元)之款項。於一九九八年十二月三十一日，在佐丹奴計劃及虎威計劃下，此等可用作減少來年僱主供款水平之款項分別為2,666,000港元(一九九七年：4,272,000港元)及38,000港元(一九九七年：無)。

Giordano Originals (Singapore) Private Limited 及 Giordano (M) Sdn. Bhd. 為本公司在新加坡及馬來西亞之附屬公司。該兩家公司分別參與由新加坡及馬來西亞政府制定之中央定額供款制公積金計劃。

本集團之附屬公司 – East Jean Limited，在台灣之分公司於本年度內按照於一九九八年三月一日生效經修訂之勞動基準法，參予中央界定利益退休金計劃(「East Jean 計劃」)以提供所有僱員退休金福利。本集團有責任確保East Jean 計劃有足夠資金給付員工應有之退休金。目前該分公司之退休金是按該分公司僱員薪資總額之2%(此百分比是經相關之政府機關釐定並批准)提撥。East Jean 計劃之資產由中央信託局之獨立退休信託基金進行投資。

本集團退休金費用在截至一九九八年十二月三十一日止年度損益賬中列支的數額為11,484,000港元(一九九七年：13,324,000港元)。

6. PENSION SCHEME ARRANGEMENTS (Cont'd)

Under both schemes, the unvested benefits of employees terminating employment are utilised by the employers to reduce their future levels of contributions. The amount of unvested benefits so utilised under the Giordano Scheme during the year ended 31st December, 1998 was HK$4,272,000 (1997: HK$2,493,000). No amount was utilised for reducing the level of employer's contributions during the year ended 31st December, 1998 under the Tiger Scheme (1997: HK$742,000). As at 31st December, 1998, the amounts available for reducing the levels of employers' contributions for the following year under the Giordano Scheme and the Tiger Scheme were HK$2,666,000 (1997: HK$4,272,000) and HK$38,000 (1997: HK$Nil) respectively.

The Company's subsidiaries in Singapore and Malaysia, namely, Giordano Originals (Singapore) Private Limited and Giordano (M) Sdn. Bhd., participate in central defined contribution provident fund schemes established by the Singaporean and Malaysian authorities respectively.

During the year, the branch office of a subsidiary, East Jean Limited, in Taiwan participates in central defined benefit pension scheme ("East Jean Scheme") providing benefits to all employees in accordance with the amended Labour Standards Law which became effective on 1st March, 1998. The Group has an obligation to ensure that there are sufficient funds in the East Jean Scheme to pay the benefits earned. The branch currently contributes at 2% of the total salaries as determined and approved by the relevant government authorities. The assets of the East Jean Scheme are invested through an independent retirement trust fund with the Central Trust of China.

The Group's pension cost charged to the profit and loss account for the year ended 31st December, 1998 was HK$11,484,000 (1997: HK$13,324,000).

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7. 稅項

(a) 稅項在綜合損益賬內包括下列項目：

	集團 Group	
	1998 千港元 HK$'000	1997 千港元 HK$'000
公司及附屬公司：	**Company and subsidiaries:**	
– 香港利得稅	– Hong Kong profits tax **68**	(1,708)
– 海外稅項	– Overseas taxation **8,538**	16,468
– 遞延稅項(附註12)	– Deferred taxation (Note 12) **(2,820)**	(1,897)
聯營公司：	**Associated companies:**	
– 海外稅項	– Overseas taxation **6,393**	6,488
	12,179	19,351

本公司及其香港附屬公司之稅項準備是根據本年度從香港賺取或源自香港之估計應課稅溢利按稅率16%(一九九七年：16.5%)計算。

本集團向香港稅務局申請將本年度及過去年度支付某些特許權的費用合共約380,362,000港元(一九九七年：340,027,000港元)作為稅務扣減項目。其有關之稅項約為63,394,000港元(一九九七年：56,940,000港元)。有關申請有待香港稅務局之認可。董事會認為可以成功取得香港稅務局之認可，因此並未在此賬目內作應付準備。

其他於海外經營之附屬公司之利得稅項是根據該等國家稅例之稅率而計算。

(b) 資產負債表內之稅項指香港及海外利得稅項之金額，減去已付之暫繳稅款。

7. TAXATION

(a) The charge for taxation in the consolidated profit and loss account represents:

The provision for taxation of the Company and its Hong Kong subsidiaries is calculated by applying the current rate of taxation of 16% (1997: 16.5%) to the estimated assessable profits earned in or derived from Hong Kong during the year.

The Group has claimed deductions on certain royalty payments in the current and prior years totalling approximately HK$380,362,000 (1997: HK$340,027,000). The tax effect thereof is approximately HK$63,394,000 (1997: HK$56,940,000). The claim is subject to the endorsement of the Hong Kong Inland Revenue Department. The directors are of the opinion that the endorsement of the Hong Kong Inland Revenue Department will be successfully obtained and in consequence no provision is made in these accounts.

Taxation on the profits of other subsidiaries operating overseas is calculated at the rates applicable in the respective jurisdictions.

(b) Taxation in the balance sheet represents the amount provided for Hong Kong profits tax and overseas taxation less provisional tax paid.

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8. 股東應佔溢利

股東應佔溢利76,087,000港元(一九九七年：67,975,000港元)，其中89,889,000港元(一九九七年：93,572,000港元)，包括來自附屬公司之股息82,521,000港元(一九九七年：109,088,000港元)，已在本公司之賬目內反映。

9. 股息

	1998 千港元 HK$'000	1997 千港元 HK$'000
中期股息 – 每股1.0仙 (一九九七年：5.0仙) 於一九九八年九月三十日派發	7,048	34,835
建議末期股息 – 每股3.5仙 (一九九七年：無)	24,492	–
	31,540	34,835

10. 每股盈利

每股盈利乃按本年度股東應佔綜合溢利76,087,000港元(一九九七年：67,975,000港元)及本年度內已發行股份之加權平均數704,140,953股(一九九七年：707,526,081股)而計算。

由於按本公司僱員購股權計劃而行使之購股權不會對本年度之每股盈利構成攤薄影響，因此並無列示攤薄後之每股盈利。

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8. PROFIT ATTRIBUTABLE TO THE SHAREHOLDERS

Included in the profit of HK$76,087,000 (1997: HK$67,975,000), attributable to the shareholders of the Company is HK$89,889,000 (1997: HK$93,572,000), including dividends from subsidiaries of HK$82,521,000 (1997: HK$109,088,000), which is dealt with in the Company's own accounts.

9. DIVIDENDS

	1998 千港元 HK$'000	1997 千港元 HK$'000
Interim dividend – 1.0 cent (1997: 5.0 cents) per share paid on 30th September, 1998	7,048	34,835
Proposed final dividend – 3.5 cents (1997: Nil) per share	24,492	–
	31,540	34,835

10. EARNINGS PER SHARE

The calculation of earnings per share is based on the consolidated profit attributable to the shareholders for the year of HK$76,087,000 (1997: HK$67,975,000) and the weighted average of 704,140,953 shares (1997: 707,526,081 shares) in issue during the year.

No dilution was resulted on the earnings per share for the year after taking into account the potential dilutive effect of the share options granted under the employee share option scheme of the Company.

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11. 無形資產

11. INTANGIBLE ASSETS

		集團 Group	
		1998	1997
		千港元	千港元
		HK$'000	HK$'000
於一月一日之賬面淨值	Net book value at 1st January	**2,505**	4,974
上年度滾存之換算差額	Translation difference on opening balance	**455**	(1,744)
增加	Additions	**998**	822
攤銷	Amortisation charge	**(960)**	(1,547)
於十二月三十一日之賬面淨值	Net book value at 31st December	**2,998**	2,505
於十二月三十一日	At 31st December		
成本	Cost	**7,918**	6,622
累計攤銷	Accumulated amortisation	**(4,920)**	(4,117)
		2,998	2,505

12. 遞延稅項

12. DEFERRED TAXATION

		集團 Group		公司 Company	
		1998	1997	**1998**	1997
		千港元	千港元	**千港元**	千港元
		HK$'000	HK$'000	**HK$'000**	HK$'000
於一月一日之結餘	Balance at 1st January	**4,566**	3,334	**(93)**	-
上年度滾存之換算差額	Translation difference on opening balance	**61**	(665)	**-**	-
撥往／(自)損益賬(附註7(a))	Transfer to/(from) profit and loss account (Note 7(a))	**2,820**	1,897	**93**	(93)
於十二月三十一日之結餘	Balance at 31st December	**7,447**	4,566	**-**	(93)

12. 遞延稅項(續)

於結算日，在賬目內撥備之遞延稅項資產之主要組成項目如下：

	集團 Group	
	1998	1997
	千港元	千港元
	HK$'000	HK$'000
賬目內之折舊額高於折舊免稅額		
Excess of depreciation charged in the accounts over depreciation allowances claimed	**369**	952
稅務虧損 Tax losses	**6,287**	3,164
其他 Others	**791**	450
	7,447	4,566

於一九九八年十二月三十一日因作稅項安排而扣除價值380,000,000港元「GIORDANO」商標所產生之稅項虧損，而未有在綜合賬目中作出處理的遞延稅項資產合共13,182,000港元(一九九七年：19,224,000港元)。

除上述披露外，在結算日，本公司並無任何未撥備之重大遞延稅項。

12. DEFERRED TAXATION (Cont'd)

At the balance sheet date, the major components of the deferred tax assets provided for in the accounts are as follows:

The deferred tax asset in respect of tax losses not taken up in the consolidated accounts as at 31st December, 1998 arising from the deduction of the GIORDANO trademark valued at HK$380,000,000 for tax purpose, was HK$13,182,000 (1997: HK$19,224,000).

Save as disclosed above, the Company did not have any significant unprovided deferred taxation at the balance sheet date.

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13. 固定資產

集團

	永久業權之土地及樓宇 Freehold land & building 千港元 HK$'000	持有租約之土地及樓宇 Leasehold land & buildings 千港元 HK$'000	機器及設備 Plant & machinery 千港元 HK$'000	租賃物業裝修、傢俬、固定裝置及辦公室設備 Leasehold improvements, furniture, fixtures & office equipment 千港元 HK$'000	汽車及遊艇 Motor vehicles & leisure boat 千港元 HK$'000	總計 Total 千港元 HK$'000
成本值						
於一九九八年一月一日	37,117	87,234	73,714	406,889	19,553	624,507
換算差額	443	-	141	3,989	168	4,741
添置	-	-	11,755	40,525	920	53,200
出售	-	(12,009)	(13,207)	(60,171)	(5,416)	(90,803)
於一九九八年十二月三一日	37,560	75,225	72,403	391,232	15,225	591,645
累積折舊						
於一九九八年一月一日	1,366	10,944	36,132	279,654	12,327	340,423
換算差額	16	-	63	2,116	83	2,278
本年折舊	614	3,466	9,656	65,917	2,447	82,100
出售	-	(6,993)	(11,387)	(50,440)	(4,497)	(73,317)
於一九九八年十二月三一日	1,996	7,417	34,464	297,247	10,360	351,484
於一九九八年十二月三十一日之賬面淨值	**35,564**	**67,808**	**37,939**	**93,985**	**4,865**	**240,161**
於一九九七年十二月三一日之賬面淨值	35,751	76,290	37,582	127,235	7,226	284,084

(a) 永久業權之土地及樓宇位於台灣。

(b) 持有租約之土地及樓宇位於中國大陸，賬面價值9,179,000港元的物業是以長期租約持有，其餘物業是以中期租約持有（即少於50年但多於10年）。

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13. FIXED ASSETS

Group

	Freehold land & building HK$'000	Leasehold land & buildings HK$'000	Plant & machinery HK$'000	Leasehold improvements, furniture, fixtures & office equipment HK$'000	Motor vehicles & leisure boat HK$'000	Total HK$'000
Cost						
At 1st January, 1998	37,117	87,234	73,714	406,889	19,553	624,507
Translation difference	443	-	141	3,989	168	4,741
Additions	-	-	11,755	40,525	920	53,200
Disposals	-	(12,009)	(13,207)	(60,171)	(5,416)	(90,803)
At 31st December, 1998	37,560	75,225	72,403	391,232	15,225	591,645
Aggregate depreciation						
At 1st January, 1998	1,366	10,944	36,132	279,654	12,327	340,423
Translation difference	16	-	63	2,116	83	2,278
Charge for the year	614	3,466	9,656	65,917	2,447	82,100
Disposals	-	(6,993)	(11,387)	(50,440)	(4,497)	(73,317)
At 31st December, 1998	1,996	7,417	34,464	297,247	10,360	351,484
Net book value at 31st December, 1998	**35,564**	**67,808**	**37,939**	**93,985**	**4,865**	**240,161**
Net book value at 31st December, 1997	35,751	76,290	37,582	127,235	7,226	284,084

(a) The freehold land and building is situated in Taiwan.

(b) The leasehold land and buildings are situated in Mainland China. Properties with carrying value of HK$9,179,000 are held under long leases. The remaining properties are held under medium term leases (less than 50 years but more than 10 years).

13. 固定資產(續)

(c) 於一九九八年十二月三十一日，以融資租賃持有之土地及樓宇之成本值及累積折舊分別為70,904,000港元(一九九七年：70,904,000港元)及11,345,000港元(一九九七年：8,508,000港元)。

(d) 於一九九八年十二月三十一日，以融資租賃持有之辦公室設備和汽車之總成本值及累積折舊分別為124,000港元(一九九七年：431,000港元)及73,000港元(一九九七年：173,000港元)。

公司

	租賃物業裝修、傢俬、固定裝置及辦公室設備 Leasehold improvements, furniture, fixtures & office equipment 千港元 HK$'000	汽車 Motor vehicle 千港元 HK$'000	總計 Total 千港元 HK$'000
成本值			
於一九九八年一月一日	3,170	–	3,170
添置	898	118	1,016
出售	(13)	–	(13)
於一九九八年十二月三十一日	4,055	118	4,173
累積折舊			
於一九九八年一月一日	1,961	–	1,961
本年折舊	623	7	630
出售	(8)	–	(8)
於一九九八年十二月三十一日	2,576	7	2,583
於一九九八年十二月三十一日之賬面淨值	**1,479**	**111**	**1,590**
於一九九七年十二月三十一日之賬面淨值	1,209	–	1,209

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13. FIXED ASSETS (Cont'd)

(c) At 31st December, 1998, leasehold land and buildings with cost and aggregate depreciation of HK$70,904,000 (1997: HK$70,904,000) and HK$11,345,000 (1997: HK$8,508,000) respectively were held under finance leases.

(d) At 31st December, 1998, office equipment and motor vehicle with a total cost and aggregate depreciation of HK$124,000 (1997: HK$431,000) and HK$73,000 (1997: HK$173,000) respectively were held under finance leases.

Company

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14. 發展中物業

14. PROPERTY UNDER DEVELOPMENT

		集團 Group	
		1998	1997
		千港元	千港元
		HK$'000	HK$'000
一月一日之結餘	Balance at 1st January	**106,765**	99,454
添置	Additions	**26,295**	7,311
十二月三十一日之結餘	Balance at 31st December	**133,060**	106,765

此物業位於中國東莞，並以長期租約持有，物業於建成及取得有關營業執照後，將作為本集團之生產廠房。

The property is situated in Dongguan, Mainland China and is held under a long lease. The property is being developed into factory premises for the manufacturing operations of the Group once the relevant business licences are obtained.

15. 所佔附屬公司之權益

15. INTEREST IN SUBSIDIARIES

		公司 Company	
		1998	1997
		千港元	千港元
		HK$'000	HK$'000
非上市股份 － 成本值	Unlisted investment, at cost	**787,021**	786,919
附屬公司欠款	Amounts due from subsidiaries	**254,248**	304,033
		1,041,269	1,090,952

附屬公司欠款均為無抵押及無固定還款期。除若干全資附屬公司的欠款約27,000,000港元（一九九七年：25,000,000港元）為附息借款外，其他附屬公司欠款均為免息。

Amounts due from subsidiaries are unsecured and have no fixed terms of repayment. Apart from the interest bearing loans advanced to certain wholly owned subsidiaries of approximately HK$27 million (1997: HK$25 million), the remaining amounts due from subsidiaries are non-interest bearing.

主要附屬公司之詳情載於第75至77頁之賬目附註30。

Details of principal subsidiaries are set out in Note 30 to the accounts on pages 75 to 77.

16. 所佔聯營公司之權益

16. INTEREST IN ASSOCIATED COMPANIES

		集團 Group	
		1998	1997
		千港元	千港元
		HK$'000	HK$'000
所佔資產淨值	Share of net assets	**54,958**	48,854
於收購時之溢價	Premium on acquisition of associated companies	**2,046**	2,046
滙兌調整	Exchange adjustment	**(7,084)**	(8,804)
		49,920	42,096

於一九九八年十二月三十一日，本集團持有以下聯營公司股份：

At 31st December,1998, the Group held shares in the following associated companies:

聯營公司名稱 Name of associate	註冊成立地點 Place of incorporation	持有股份百分比 Percentage holding 1998	1997	已發行及全數繳足股本 Issued and fully paid share capital	主要業務及經營地區 Principal activities and place of operation
Giordano Corporation Limited	大韓民國 Republic of Korea	**50**	50	普通股 5,000,000,000 韓國圓 Ordinary WON5,000,000,000	在韓國經營零售服裝及配襯用品 Retailing of apparel and accessories in Korea
Giordano Fashions (L.L.C.)	阿拉伯聯合酋長國 United Arab Emirates	**20**	20	普通股 3,000,000 沙地阿拉伯聯合酋長國迪拉姆 Ordinary AED3,000,000	在阿拉伯聯合酋長國經營零售服裝及配襯用品 Retailing of apparel and accessories in the United Arab Emirates

重要聯營公司資料：

Information on material associated companies:

根據經董事會調整後以符合本集團會計政策之Giordano Corporation Limited未經審核之管理賬目，該公司於一九九八年度之營業額及除稅後溢利分別為402,000,000港元（一九九七年：337,000,000港元）及24,000,000港元（一九九七年：32,000,000港元）。於一九九八年十二月三十一日之資產淨值為64,000,000港元（一九九七年：49,000,000港元）。

Based on the unaudited management accounts of Giordano Corporation Limited, after making adjustments as considered appropriate by the directors in order to comply with the Group's accounting policies, the turnover and profit after tax of the Company for 1998 were HK$402 million (1997: HK$337 million) and HK$24 million (1997: HK$32 million) respectively, and its net asset was HK$64 million (1997: HK$49 million) as at 31st December, 1998.

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17. 其他投資 / 17. OTHER INVESTMENTS

		集團 Group	
		1998 千港元 HK$'000	1997 千港元 HK$'000
會所債券 – 成本值	Club debentures, at cost	**5,283**	5,499
減：攤銷數額	Less: amounts amortised	**(5,283)**	(5,377)
		–	122

18. 流動資產 / 18. CURRENT ASSETS

		集團 Group		公司 Company	
		1998 千港元 HK$'000	1997 千港元 HK$'000	**1998 千港元 HK$'000**	1997 千港元 HK$'000
存貨（附註20）	Inventories (Note 20)	**311,197**	399,574	**–**	–
應收賬款及票據	Trade and bills receivable	**100,379**	113,573	**–**	–
其他應收賬款、訂金及預付款項	Other receivables, deposits and prepayments	**247,054**	256,015	**2,077**	2,628
預付稅款	Tax prepaid	**3,406**	–	**89**	89
現金及銀行結餘	Cash and bank balances	**339,768**	199,365	**178,389**	58,456
		1,001,804	968,527	**180,555**	61,173

19. 流動負債 / 19. CURRENT LIABILITIES

		集團 Group		公司 Company	
		1998 千港元 HK$'000	1997 千港元 HK$'000	**1998 千港元 HK$'000**	1997 千港元 HK$'000
應付賬款及票據	Trade and bills payable	**195,985**	186,252	**–**	–
其他應付賬款及應計費用	Other payables and accruals	**76,466**	115,835	**1,550**	8,542
融資租賃債務（附註23）	Obligations under finance leases (Note 23)	**4,261**	4,298	**–**	–
短期銀行貸款 – 無抵押	Short term bank loans – unsecured	**–**	7,128	**–**	–
稅項（附註7(b)）	Taxation (Note 7(b))	**–**	815	**–**	–
擬派發股息（附註9）	Proposed dividends (Note 9)	**24,492**	–	**24,492**	–
		301,204	314,328	**26,042**	8,542

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20. 存貨

20. INVENTORIES

		集團 Group	
		1998 千港元 HK$'000	1997 千港元 HK$'000
原料	Raw materials	**93,124**	110,592
在製貨品	Work in progress	**36,133**	36,503
製成品	Finished goods	**181,940**	252,479
		311,197	399,574

於一九九八年十二月三十一日，以可變現淨值列賬之存貨之賬面值合共約1,803,000港元（1997：無）。

At 31st December, 1998, the carrying amount of inventories that are carried at net realisable value amounted to approximately HK$1,803,000 (1997: HK$Nil).

21. 股本

21. SHARE CAPITAL

(a) 股本

(a) Share Capital

		1998 千港元 HK$'000	1997 千港元 HK$'000
法定： 每股面值0.10港元普通股 1,000,000,000股	**Authorised:** 1,000,000,000 ordinary shares of HK$0.10 each	**100,000**	100,000
已發行及全數繳足： 每股面值0.10港元普通股699,785,000股（一九九七年：705,277,000股）	**Issued and fully paid:** 699,785,000 (1997: 705,277,000) ordinary shares of HK$0.10 each	**69,979**	70,528

於本年度內，股本之變動情況如下：

Details of the movements of the share capital during the year are set out below:

		股份數目 Number of shares	
		1998	1997
每股面值0.10港元之普通股	Ordinary shares of HK$0.10 each		
於一月一日	At 1st January	**705,277,000**	710,568,000
因行使購股權發行之股份數目	Share options exercised	**–**	3,455,000
購回股份數目	Shares repurchased	**(5,492,000)**	(8,746,000)
於十二月三十一日	At 31st December	**699,785,000**	705,277,000

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21. 股本(續)

(a) **股本(續)**

以下為本公司於本年度內於香港聯合交易所有限公司(「聯交所」)購回共5,492,000股本公司之股份，所有購回之股份已被本公司註銷：

21. SHARE CAPITAL (Cont'd)

(a) **Share Capital** (Cont'd)

During the year, the Company repurchased a total of 5,492,000 of its own shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), all of which had been cancelled, as follows:

購回月份 Month of Repurchase	每股面值0.10港元之股份數目 Number of shares of HK$0.10 each	每股價格 Price per share 最高 Highest 港元 HK$	每股價格 Price per share 最低 Lowest 港元 HK$	總價格 Aggregate price 港元 HK$
一九九八年五月 May 1998	100,000	1.41	1.40	140,500
一九九八年九月 September 1998	1,944,000	1.20	0.71	1,951,300
一九九八年十月 October 1998	2,218,000	1.06	0.88	2,132,080
一九九八年十一月 November 1998	210,000	1.16	1.01	223,600
一九九八年十二月 December 1998	1,020,000	1.22	1.15	1,196,400
	5,492,000			5,643,880

有關購回股份之總代價為5,676,528港元(包括購回股份之總價格5,643,880港元及有關費用32,648港元)已在滾存溢利中扣除。購回股份之面值549,200港元亦已從公司股本轉撥至資本贖回儲備內。

The aggregate consideration of HK$5,676,528, being the sum of the aggregate price of shares repurchased of HK$5,643,880 and the relevant costs of HK$32,648, paid by the Company was charged against the retained profits. The nominal value of the shares repurchased of HK$549,200 was transferred from share capital to capital redemption reserve.

除上述披露外，在本年度內本公司或其任何附屬公司概無購買、出售或贖回任何本公司之股份。

Save as disclosed above, neither the Company nor any of its subsidiaries, otherwise purchased, sold or redeemed any of the Company's shares during the year.

21. 股本（續）

(b) **購股權**

根據本公司僱員購股權計劃，本公司董事會可將購股權授予本集團任何成員之任何僱員（包括任何董事或高級行政人員及任何暫時被調配到本集團工作的全職僱員），以認購本公司股份。認購價不少於本公司股份於授出購股權之日前五個交易日在聯交所錄得之平均收市價之80%及本公司之股份面值之較高者。而最高認購股份數目不可超過本公司不時已發行股本之10%。

於本年度內，根據購股權計劃所授出購股權之變動如下：

21. SHARE CAPITAL (Cont'd)

(b) **Share Options**

Pursuant to the employee share option scheme of the Company, the board of directors of the Company may grant options to any employee of any member of the Group (including any director or senior executive and any individual for the time being seconded to work for the Group on a full time basis) to subscribe for shares of the Company. The subscription price is not less than the higher of 80% of the average closing share price quoted on the Stock Exchange for the five trading days immediately preceding the date of offer of the options and the nominal value of the Company's shares. The maximum number of shares in respect of which options may be granted may not exceed 10% of the issued share capital of the Company from time to time.

Details of the movements in the share options granted under the option scheme during the year are set out as follows:

		已授出購股權股份數目 Number of shares over which options were granted	
		1998	1997
於一月一日	At 1st January	**56,588,000**	47,427,000
授出	Granted	**–**	19,852,000
行使	Exercised	**–**	(3,455,000)
失效	Lapsed	**(4,062,000)**	(7,236,000)
於十二月三十一日	At 31st December	**52,526,000**	56,588,000

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21. 股本(續)

(b) **購股權**(續)

根據購股權計劃所授出而尚未行使之購股權詳情如下：

授出日期 Date of grant	已授出購股權股份數目 Number of shares over which options were granted	每股行使價 Exercise price per share 港元 HK$	行使期限 Exercise period
一九九三年五月二十五日 25th May, 1993	1,445,000	4.440	由一九九五年五月二十五日至二零零一年五月二十三日 From 25th May, 1995 to 23rd May, 2001
一九九四年一月二十七日 27th January, 1994	320,000	3.210	由一九九七年一月二十七日至二零零一年五月二十三日 From 27th January, 1997 to 23rd May, 2001
一九九四年一月二十七日 27th January, 1994	900,000	3.210	由一九九八年一月二十七日至二零零一年五月二十三日 From 27th January, 1998 to 23rd May, 2001
一九九四年三月二十九日 29th March, 1994	422,000	3.110	由一九九七年三月二十九日至二零零一年五月二十三日 From 29th March, 1997 to 23rd May, 2001
一九九四年五月二十七日 27th May, 1994	195,000	2.900	由一九九七年五月二十七日至二零零一年五月二十三日 From 27th May, 1997 to 23rd May, 2001
一九九四年九月二十八日 28th September, 1994	172,000	3.730	由一九九七年九月二十八日至二零零一年五月二十三日 From 28th September, 1997 to 23rd May, 2001
一九九四年十月二十八日 28th October, 1994	3,492,000	3.710	由一九九五年四月二十八日至二零零一年五月二十三日 From 28th April, 1995 to 23rd May, 2001
一九九五年五月三十日 30th May, 1995	4,400,000	4.300	由一九九八年五月三十日至二零零五年五月二十八日 From 30th May, 1998 to 28th May, 2005
一九九五年八月二十四日 24th August, 1995	12,508,000	5.200	由一九九六年二月二十四日至二零零五年五月二十八日 From 24th February, 1996 to 28th May, 2005
一九九六年三月四日 4th March, 1996	2,280,000	6.380	由一九九六年九月四日至二零零五年五月二十八日 From 4th September, 1996 to 28th May, 2005
一九九六年五月七日 7th May, 1996	9,000,000	5.660	由一九九九年五月七日至二零零五年五月二十八日 From 7th May, 1999 to 28th May, 2005
一九九七年十二月五日 5th December, 1997	5,766,000	1.756	由一九九八年十二月五日至二零零五年五月二十八日 From 5th December, 1998 to 28th May, 2005
一九九七年十二月五日 5th December, 1997	5,778,000	1.756	由一九九九年十二月五日至二零零五年五月二十八日 From 5th December, 1999 to 28th May, 2005
一九九七年十二月五日 5th December, 1997	5,848,000	1.756	由二零零零年十二月五日至二零零五年五月二十八日 From 5th December, 2000 to 28th May, 2005
	52,526,000		

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21. SHARE CAPITAL (Cont'd)

(b) **Share Options** (Cont'd)

Details of the outstanding share options granted under the option scheme are as follows:

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21. 股本（續）

(b) **購股權（續）**

僱員不用就授予之購股權繳付代價。在本年內，根據購股權計劃而授出之4,062,000股購股權，因本集團僱員的辭任而失效。

22. 儲備金

(a) **集團**

		繳入盈餘	資本贖回儲備	股份溢價	滙兑儲備金	其他儲備	滾存溢利	
		Contributed surplus	Capital redemption reserve	Share premium	Exchange reserve	Other reserves	Retained profits	總數 Total
		千港元 HK$'000	千港元 HK$'000	千港元 HK$'000	千港元 HK$'000	千港元 HK$'000	千港元 HK$'000	千港元 HK$'000
於一九九八年一月一日	At 1st January, 1998	382,749	875	460,270	(93,615)	12,802	235,332	998,413
本年度溢利	Profit for the year							
處理於：	dealt with by:							
本公司及附屬公司	Company and subsidiaries	-	-	-	-	-	60,989	60,989
聯營公司	Associated companies	-	-	-	-	-	15,098	15,098
股份購回	Repurchase of shares	-	549	-	-	-	(5,676)	(5,127)
支付／擬派股息	Dividends paid/proposed	-	-	-	-	-	(31,540)	(31,540)
綜合商譽	Goodwill arising on							
（附註24）	consolidation (Note 24)	-	-	-	-	-	(4,001)	(4,001)
海外附屬公司及分公司賬目換算差額	Exchange differences arising from translation of the accounts of overseas subsidiaries and a branch	-	-	-	7,333	-	-	7,333
於一九九八年十二月三十一日	**At 31st December, 1998**	**382,749**	**1,424**	**460,270**	**(86,282)**	**12,802**	**270,202**	**1,041,165**
處理於：	Dealt with by:							
本公司及附屬公司	Company and subsidiaries	382,749	1,424	460,270	(86,282)	12,802	217,529	988,492
聯營公司	Associated companies	-	-	-	-	-	52,673	52,673
		382,749	1,424	460,270	(86,282)	12,802	270,202	1,041,165

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21. SHARE CAPITAL (Cont'd)

(b) **Share Options** (Cont'd)

No consideration was required to be paid by the employees for share options granted. During the year, the options to subscribe for a total of 4,062,000 shares in the Company granted under the option scheme were lapsed due to resignation of employees of the Group.

22. RESERVES

(a) **Group**

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22. 儲備金(續)

(a) **集團**(續)

其他儲備乃根據中華人民共和國(「中國」)有關法律及財務法規,從集團於中國之附屬公司按稅後溢利提取之法定儲備基金。根據有關法定,儲備基金可用於彌補虧損及增加該等附屬公司之資本額。

(b) **公司**

	繳入盈餘 Contributed surplus 千港元 HK$'000	資本贖回儲備 Capital redemption reserve 千港元 HK$'000	股份溢價 Share premium 千港元 HK$'000	滾存溢利 Retained profits 千港元 HK$'000	總數 Total 千港元 HK$'000
於一九九八年一月一日 At 1st January, 1998	540,065	875	460,270	72,961	1,074,171
股份購回 Repurchase of shares	-	549	-	(5,676)	(5,127)
本年度溢利 Profit for the year	-	-	-	89,889	89,889
支付/擬派股息 Dividends paid/proposed	-	-	-	(31,540)	(31,540)
於一九九八年十二月三十一日 At 31st December, 1998	**540,065**	**1,424**	**460,270**	**125,634**	**1,127,393**

繳入盈餘乃指本公司透過一項於一九九五年五月二十九日完成之協議計劃而發行以換取佐丹奴企業有限公司全部已發行普通股之本公司股份的面值及其附屬公司資產淨值之差額。根據百慕達一九八一年公司法(經修訂),繳入盈餘可分派予各股東。

於一九九八年十二月三十一日,本公司之滾存溢利及可供分配之繳入盈餘為665,699,000港元(一九九七年:613,026,000港元)。

22. RESERVES (Cont'd)

(a) **Group** (Cont'd)

Other reserves represent the transfer of profit to the statutory reserve funds of the subsidiaries in the People's Republic of China ("PRC") in accordance with the relevant laws and financial regulations. According to the relevant regulations, the reserve funds may be used to make up prior years' losses, if any, and to increase the capital of the subsidiaries.

(b) **Company**

The contributed surplus of the Company represents the difference between the nominal value of the Company's shares issued in exchange for the issued ordinary shares of Giordano Holdings Limited and the net asset value of its underlying subsidiaries pursuant to a scheme of arrangement which was completed on 29th May, 1995. Under the Companies Act 1981 of Bermuda (as amended) the contributed surplus is distributable to the shareholders.

As at 31st December, 1998 the retained profits of the Company together with the contributed surplus available for distribution amounted to HK$665,699,000 (1997: HK$613,026,000).

23. 融資租賃債務

23. OBLIGATIONS UNDER FINANCE LEASES

		集團 Group	
		1998	1997
		千港元	千港元
		HK$'000	HK$'000
融資租賃債務之償還期：	**Obligations under finance leases are repayable:**		
一年內	Within one year	**4,261**	4,298
第二至第五年內	In the second to fifth years inclusive	**17,030**	17,083
五年以上	Over five years	**4,968**	9,225
		26,259	30,606
於一年內到期並列入流動負債之款項(附註19)	Amounts due within one year included under current liabilities (Note 19)	**(4,261)**	(4,298)
		21,998	26,308

24. 少數股東權益及貸款

於本年度內，本集團向少數股東購入一附屬公司全部餘下之股份，代價為2,213,000港元(包括償還少數股東之貸款)。由於收購而產生之商譽4,001,000港元已直接撥入儲備金內(附註22(a))。

於一九九八年十二月三十一日，少數股東權益是指外界股東所佔本集團其中兩間附屬公司資產淨值之權益：

24. INTERESTS OF AND LOAN FROM MINORITY SHAREHOLDERS

During the year, the Group acquired from the minority shareholders all the remaining shares of a subsidiary for the consideration of HK$2,213,000, including the settlement of shareholders' loans. The goodwill arising from this acquisition, amounting to HK$4,001,000, has been charged against reserves (Note 22(a)).

As at 31st December 1998, the minority interests represent the outside shareholders' interest in the net asset value of two subsidiaries:

	集團 Group	
	1998	1997
	千港元	千港元
	HK$'000	HK$'000
投資股本 Share capital invested	**417**	829
營業成果 Operating results	**627**	(5,058)
	1,044	(4,229)
少數股東之貸款 Loan from minority shareholders	**–**	3,317
	1,044	(912)

25. 承擔

(a) 經營租賃之承擔

於一九九八年十二月三十一日，本集團於下年度就零售店鋪、辦公室、工廠及貨倉所需支付之最低租賃承擔如下：

	1998 千港元 HK$'000	1997 千港元 HK$'000
於下列期間屆滿之營業租約：		
一年內	**49,216**	78,347
第二至第五年內	**224,774**	253,829
五年以上	**5,329**	5,534
	279,319	337,710

(b) 資本承擔

於一九九八年十二月三十一日，本集團有以下之資本承擔：

	1998 千港元 HK$'000	1997 千港元 HK$'000
已就發展中物業簽訂合約但未在賬目內作出撥備之資本開支	**2,500**	14,937
已批准但未簽約之發展中物業資本開支	**–**	12,571
	2,500	27,508

25. COMMITMENTS

(a) Commitments under operating leases

At 31st December, 1998, the Group had minimum commitments under operating leases in respect of retail shops, office premises, factories and warehouses to make payments in the next year as set out below:

	1998 千港元 HK$'000	1997 千港元 HK$'000
Operating leases which expire:		
Within one year	**49,216**	78,347
In the second to fifth years inclusive	**224,774**	253,829
Over five years	**5,329**	5,534
	279,319	337,710

(b) Capital commitments

At 31st December, 1998, the Group had the following capital commitments:

	1998 千港元 HK$'000	1997 千港元 HK$'000
Contracted but not provided for in the accounts in respect of property under development	**2,500**	14,937
Authorised but not contracted for in respect of property under development	**–**	12,571
	2,500	27,508

26. 或然負債

於一九九八年十二月三十一日，本集團及本公司有如下並無包括在賬目內之或然負債：

26. CONTINGENT LIABILITIES

At 31st December, 1998, the Group and the Company had contingent liabilities not included in the accounts in respect of the following:

	集團 Group		公司 Company	
	1998 千港元 HK$'000	1997 千港元 HK$'000	**1998 千港元 HK$'000**	1997 千港元 HK$'000
銀行週轉信貸擔保 Guarantees in respect of bank credit facilities	**-**	7,128	**-**	7,128
以代替水電按金之銀行擔保 Bank guarantees in lieu of utility deposits	**5,146**	4,682	**70**	70
已發出之保證票據 Guarantee notes issued	**64,275**	81,522	**-**	-
	69,421	93,332	**70**	7,198

27. 除特殊項目外之經營溢利及經營業務所得現金流入淨額之調節

27. RECONCILIATION OF PROFIT EXCLUDING EXCEPTIONAL ITEMS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1998 千港元 HK$'000	1997 千港元 HK$'000
除特殊項目外之經營溢利 Operating profit excluding exceptional items	**66,852**	172,030
應收利息淨額 Net interest receivable	**(7,247)**	(5,490)
固定資產折舊 Depreciation of fixed assets	**82,100**	98,527
特殊項目 Exceptional items	**-**	(107,348)
無形資產及其他投資攤銷 Amortisation of intangible assets and other investments	**1,082**	2,260
出售固定資產之虧損 Loss on disposal of fixed assets	**13,665**	484
出售其他投資項目之盈利 Profit on disposal of other investments	**(386)**	(1,095)
存貨之減少 Decrease in inventories	**88,377**	155,872
應收賬款及票據、其他應收款、按金及預付款項之減少／(增加) Decrease/(increase) in trade and bills receivable, other receivables, deposits and prepayments	**22,155**	(29,807)
應付賬款及票據、其他應付款及應計費用之(減少)／增加 (Decrease)/increase in trade and bills payable, other payables and accruals	**(29,649)**	11,797
經營業務所得現金流入淨額 Net cash inflow from operating activities	**236,949**	297,230

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28. 本年度融資變動分析

28. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

		股本 Share capital 千港元 HK$'000	融資租賃債務 Obligations under finance leases 千港元 HK$'000
一九九八年一月一日之結餘	Balance at 1st January, 1998	70,528	30,606
上年度滾存之換算差額	Translation difference on opening balance	–	23
融資所得現金流出額	Cash outflow from financing	–	(4,370)
股份購回轉入資本贖回儲備	Repurchase of shares transferred to capital redemption reserve	(549)	–
一九九八年十二月三十一日之結餘	**Balance at 31st December, 1998**	**69,979**	**26,259**

29. 現金及現金等額結存分析

29. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS

		1998 千港元 HK$'000	1997 千港元 HK$'000
現金及銀行結餘	Cash and bank balances	**339,768**	199,365
銀行貸款及透支 – 無抵押	Bank loans and overdrafts – unsecured	–	(7,128)
		339,768	192,237

30. 附屬公司

根據董事之意見，下列乃主要影響本集團本年度業績或構成本集團主要資產淨值之主要附屬公司：

30. SUBSIDIARIES

The following includes the principal subsidiaries of the Company which, in the opinion of the directors, were significant to the results of the year or formed a substantial portion of the net assets of the Group:

附屬公司名稱 Name of subsidiary	註冊成立地點 Place of incorporation	持有股份百分比 Effective percentage of equity holding 1998	1997	已發行及全數繳足股本或已繳資本 Issued and fully paid share capital or capital contribution	主要業務及經營地區 Principal activities and place of operation
Cohin Philippines, Inc. *	菲律賓 Philippines	**100**	100	普通股 10,000,000披索 Ordinary PHP10,000,000	在菲律賓製造精細針織服裝 Manufacturing of fine knitwear in the Philippines
東莞智興製衣有限公司* Dongguan Chihing Garments Ltd.*	中國 PRC	**100**	100	42,558,499港元 HK$42,558,499	擁有位於中國大陸興建中之廠房 Owning a factory under construction in Mainland China
East Jean Limited *	香港 Hong Kong	**100**	100	普通股 1,000,000港元 Ordinary HK$1,000,000	在台灣經營零售服裝及配襯用品 Retailing of apparel and accessories in Taiwan
Giordano Fashions Limited *	紐西蘭 New Zealand	**100**	100	普通股 1,000,000紐西蘭元 Ordinary NZ$1,000,000	在紐西蘭經營零售服裝及配襯用品 Retailing of apparel and accessories in New Zealand
佐丹奴有限公司* Giordano Limited *	香港 Hong Kong	**100**	100	普通股 5,000,000港元 Ordinary HK$5,000,000	在香港經營零售服裝及配襯用品 Retailing of apparel and accessories in Hong Kong

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30. 附屬公司（續） / 30. SUBSIDIARIES (Cont'd)

附屬公司名稱 Name of subsidiary	註冊成立地點 Place of incorporation	持有股份百分比 Effective percentage of equity holding 1998	1997	已發行及全數繳足股本或已繳資本 Issued and fully paid share capital or capital contribution	主要業務及經營地區 Principal activities and place of operation
Giordano (M) Sdn. Bhd.	馬來西亞 Malaysia	**100**	100	普通股 100,000 馬來西亞幣 Ordinary RM100,000	在馬來西亞經營零售服裝及配襯用品 Retailing of apparel and accessories in Malaysia
Giordano (Macau) Limited *	澳門 Macau	**100**	100	股本 50,000 澳門幣 Quotas MOP50,000	在澳門經營零售服裝及配襯用品 Retailing of apparel and accessories in Macau
Giordano Originals (Singapore) Private Limited	新加坡共和國 Republic of Singapore	**100**	100	普通股 1,900,002 新加坡元 Ordinary S$1,900,002	在新加坡經營零售服裝及配襯用品 Retailing of apparel and accessories in Singapore
Giordano (Thai) Co., Ltd.*	泰國 Thailand	**100**	49	普通股 10,000,000 泰銖 Ordinary THB10,000,000	在泰國經營零售服裝及配襯用品 Retailing of apparel and accessories in Thailand
亮志製衣有限公司 * Gloss Mind Garment Manufacturing Company Limited *	香港 Hong Kong	**100**	100	普通股 1,000,000 港元 Ordinary HK$1,000,000	在中國大陸製造精細針織服裝及梭織品 Manufacturing of fine knitwear and woven products in Mainland China
劉黃顧問有限公司 Lau, Wong & Associates Consultants Limited	香港 Hong Kong	**51**	100	普通股 200,000 港元 Ordinary HK$200,000	在香港及中國大陸提供管理顧問服務 Management consultancy service in Hong Kong and Mainland China

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30. 附屬公司(續) / 30. SUBSIDIARIES (Cont'd)

附屬公司名稱 Name of subsidiary	註冊成立地點 Place of incorporation	持有股份百分比 Effective percentage of equity holding 1998	1997	已發行及全數繳足股本或已繳資本 Issued and fully paid share capital or capital contribution	主要業務及經營地區 Principal activities and place of operation
深圳虎威製衣有限公司 * Shenzhen Tiger Garment Limited *	中國 PRC	**100**	100	15,100,000人民幣 RMB15,100,000	在中國深圳投資控股，製造及銷售服裝及配襯用品 Investment holding, manufacturing and retailing of apparel and accessories in Shenzhen, Mainland China
虎威企業有限公司 Tiger Enterprises Limited	香港 Hong Kong	**100**	100	普通股 1,000港元 無投票權遞延股 60,000,000港元 Ordinary HK$1,000 Non-voting deferred HK$60,000,000	在中國大陸投資控股 Investment holding in Mainland China
Tobo Knitting Limited*	英屬處女群島 British Virgin Islands	**100**	100	普通股 1美元 Ordinary US$1	在中國大陸從事織染加工 Knitting and dyeing processing in Mainland China
東寶紡織實業有限公司 * Tobo Textile Limited*	香港 Hong Kong	**100**	100	普通股 2港元 Ordinary HK$2	在中國大陸從事針織布及紗之貿易 Trading of yarns and knitted fabrics in Mainland China
Walton International Limited *	開曼群島 Cayman Islands	**100**	100	普通股 102美元 Ordinary US$102	批授商標專利權 Licensing of trademarks

* 間接附屬公司
* subsidiaries held indirectly

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賬目附註
一九九八年十二月三十一日

31. 比較數字

若干比較數字經重新編列，以符合本年度之呈報方式。

32. 賬目通過

本年度賬目已於一九九九年三月二十四日由董事會通過。

Notes to the Accounts
At 31st December, 1998

31. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

32. APPROVAL OF ACCOUNTS

The accounts were approved by the board of directors on 24th March, 1999.

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五年財務摘要 Five - Year Financial Summary

		綜合基準 Consolidated				
		1998	1997	1996	1995	1994
		千港元	千港元	千港元	千港元	千港元
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
業績	**Results**					
營業額	Turnover	**2,609,248**	3,014,364	3,522,047	3,481,967	2,863,726
除特殊項目外之經營溢利	Operating profit excluding exceptional items	**66,852**	172,030	293,531	289,483	235,251
特殊項目	Exceptional items	**–**	(116,166)	–	–	–
經營溢利	Operating profit	**66,852**	55,864	293,531	289,483	235,251
應佔聯營公司溢利	Share of profit of associated companies	**21,491**	26,148	21,871	4,765	(1,015)
除稅前溢利	Profit before taxation	**88,343**	82,012	315,402	294,248	234,236
稅項	Taxation	**(12,179)**	(19,351)	(54,170)	(31,653)	(28,625)
除稅後溢利	Profit after taxation	**76,164**	62,661	261,232	262,595	205,611
少數股東權益	Minority interests	**(77)**	5,314	1	(12,367)	(10,264)
本年度溢利	Profit for the year	**76,087**	67,975	261,233	250,228	195,347
每股盈利	Earnings per share	**10.8¢**	9.6¢	36.9¢	38.8¢	30.9¢
資產	**Assets**					
無形資產	Intangible assets	**2,998**	2,505	4,974	5,950	9,468
遞延稅項	Deferred taxation	**7,447**	4,566	3,334	–	–
固定資產	Fixed assets	**240,161**	284,084	354,576	375,413	206,380
發展中物業	Property under development	**133,060**	106,765	99,454	48,705	16,468
所佔聯營公司之權益	Interest in associated companies	**49,920**	42,096	43,763	28,562	13,767
其他投資	Other investments	**–**	122	835	2,111	2,467
流動資產	Current assets	**1,001,804**	968,527	1,083,809	1,063,123	792,393
總資產	Total assets	**1,435,390**	1,408,665	1,590,745	1,523,864	1,040,943
負債	**Liabilities**					
流動負債	Current liabilities	**301,204**	314,328	413,535	567,126	430,441
非流動負債	Non-current liabilities	**21,998**	26,308	30,686	36,719	12,513
少數股東權益及貸款	Interests of and loan from minority shareholders	**1,044**	(912)	8,257	8,280	53,468
		324,246	339,724	452,478	612,125	496,422
資產淨值	**Net assets**	**1,111,144**	1,068,941	1,138,267	911,739	544,521

股東週年大會通告

茲通告 Giordano International Limited(「本公司」)謹訂於一九九九年四月二十九日星期四上午十時三十分假座香港中環干諾道中壹號富麗華酒店四樓維多利亞廳舉行股東週年大會，處理下列事項：

1. 省覽截至一九九八年十二月三十一日止年度之經審核賬目、董事會及核數師報告書。

2. 宣布派發末期股息。

3. 重選退任董事及確定董事之最高名額為十二名並授權董事會在該限額內委聘新董事。

4. 續聘核數師及授權董事會釐定其酬金。

5. 作為特別事項，考慮並酌情通過或經修訂後通過下列決議案為普通決議案：

普通決議案

(1) **「動議**：

(A) 無條件授予本公司董事會一項一般性授權，可於有關期間內發行、配發或處理本公司股本中之額外股份，並作出或授予可能須行使該等權力之建議、協議及購股權，惟須符合下列條件：

(a) 該項授權之有效期不可超越有關期間，但本公司董事會可在有關期間內作出或授予可能於有關期間內或屆滿後行使該等權力之建議、協議及購股權；及

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Giordano International Limited (the "Company") will be held at Victoriana Room, 4th Floor, Furama Hotel Hong Kong, 1 Connaught Road Central, Hong Kong on Thursday, 29th April, 1999 at 10:30 a.m. for the following purposes:

1. To receive and consider the audited accounts and the reports of the directors and auditors for the year ended 31st December, 1998.

2. To declare a final dividend.

3. To re-elect retiring directors and to fix the maximum number of directors at 12 and to authorise the directors to appoint additional directors up to such maximum number.

4. To re-appoint the auditors and to authorise the directors to fix their remuneration.

5. As special business, to consider and, if thought fit, pass, with or without amendment, the following resolutions as Ordinary Resolutions:

ORDINARY RESOLUTIONS

(1) **"THAT**:

(A) a general mandate be and is hereby unconditionally given to the directors of the Company during the Relevant Period to issue, allot or otherwise deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such power, subject to the following conditions:

(a) such mandate shall not extend beyond the Relevant Period save that the directors of the Company may during the Relevant Period make or grant offers, agreements and options which might require the exercise of such powers at any time during or after the end of the Relevant Period; and

(b) 本公司董事會依據上述授權而配發、發行或處理本公司股本中之股份(除因：(aa)供股；(bb)依據本公司所發行賦有權力認購或購買本公司股份之認股權證或其他證券之條款而行使認購權或兌換股權；或(cc)行使本公司股東已採納可向本公司及／或其任何附屬公司僱員授出購股權認購本公司股份之僱員購股權計劃所授出之購股權；或(dd)根據本公司細則訂立之以股代息或其他類似計劃而發行之股份除外)面值總額不得超過本公司於通過本決議案當日已發行股本面值總額之20%；及

(b) the aggregate nominal amount of shares in the capital of the Company which may be allotted, issued or otherwise dealt with by the directors of the Company pursuant to such mandate, otherwise than pursuant to (aa) a Rights Issue; or (bb) the exercise of rights of subscription or conversion under the terms of any warrants or other securities issued by the Company carrying a right to subscribe for or purchase shares of the Company; or (cc) the exercise of any option under any share option scheme of the Company adopted by its shareholders for the grant or issue to employees of the Company and/or any of its subsidiaries of options to subscribe for or rights to acquire shares of the Company; or (dd) any scrip dividend or other similar scheme implemented in accordance with the Bye-Laws of the Company, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution; and

(B) 就本決議案而言：

「有關期間」乃指本決議案獲通過之日起至下列最早日期止之期間：

(a) 本公司下屆股東週年大會結束；

(b) 依照本公司細則或百慕達適用之法例規定本公司須召開下屆股東週年大會之期限屆滿之日；及

(c) 本公司股東於股東大會上通過普通決議案撤銷或修訂本決議案所給予之授權。

(B) for the purpose of this Resolution:

"Relevant Period" means the period from the passing of this Resolution until whichever is the earliest of:

(a) the conclusion of the next annual general meeting of the Company;

(b) the expiration of the period within which the next annual general meeting of the Company is required by its Bye-Laws or any applicable laws of Bermuda to be held; and

(c) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting.

「供股」乃指本公司董事會於所定期間內根據某一指定記錄日期名列股東名冊之股東於該日之持股比例向彼等提出之股份發售建議(惟本公司董事會有權就零碎配額，或就考慮任何香港以外地區但適用於本公司之法律及法規下之限制或責任或任何認可管制機構或任何證券交易所之規定後，作出其認為必須或權宜取消若干股東在此方面之權利或作出其他安排)。」

"Rights Issue" means an offer of shares open for a period fixed by the directors of the Company to holders of shares on its register of members on a fixed record date in proportion to their holdings of shares (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of or the requirements of any recognised regulatory body or stock exchange in any territory outside Hong Kong)."

(2) **「動議**：

(A) 無條件授予本公司董事會一項一般性授權，可於有關期間內行使本公司一切權力購回本公司股本中之股份，惟須符合下列條件：

(a) 根據該項授權行使一切權力，惟須遵守所有適用法例及香港聯合交易所有限公司證券上市規則或任何其他適用之證券交易所規定；及

(b) 本公司依據上述授權而購回之本公司股本中之股份面值總額，不得超過本公司於通過本決議案當日已發行股本面值總額之10%；及

(B) 就本決議案而言：

「有關期間」乃指本決議案獲通過之日起至下列最早日期止之期間：

(a) 本公司下屆股東週年大會結束；

(2) "**THAT**:

(A) a general mandate be and is hereby unconditionally given to the directors of the Company during the Relevant Period to exercise all powers of the Company to purchase shares in the capital of the Company subject to the following conditions:

(a) the exercise of all powers pursuant to such mandate shall be subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited or of any other applicable stock exchange; and

(b) the aggregate nominal amount of shares in the share capital of the Company which may be purchased pursuant to such mandate shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution; and

(B) for the purpose of this Resolution:

"Relevant Period" means the period from the passing of this Resolution until whichever is the earliest of:

(a) the conclusion of the next annual general meeting of the Company;

(b) 依照本公司細則或百慕達適用之法例規定本公司須召開下屆股東週年大會之期限屆滿之日；及

(c) 本公司股東於股東大會上通過普通決議案撤銷或修訂本決議案所給予之授權。」

(3) 「**動議**批准將本公司董事會根據上文第5(1)項決議案所獲可在有關期間(按該決議案之定義)發行、配發或處理本公司之額外股份之一般授權擴大，使根據該項一般授權可發行、配發或處理之本公司股份面值總額增加，而加幅等於本公司董事會行使本公司權力所購回之股份面值總額，惟該增幅不可超逾本公司於通過本決議案當日已發行股本面值總額之10%。」

承董事會命
聶羨萍
公司秘書

香港，一九九九年三月二十四日

(b) the expiration of the period within which the next annual general meeting of the Company is required by its Bye-Laws or any applicable laws of Bermuda to be held; and

(c) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting."

(3) **"THAT** the general mandate granted to the directors of the Company pursuant to the authority given in the resolution set out as Resolution 5(1) to issue, allot or otherwise deal with additional shares of the Company during the Relevant Period (as defined in that Resolution) be and is hereby extended by the addition to the aggregate nominal amount of shares in the capital of the Company which may be issued, allotted or otherwise dealt with pursuant to such general mandate of an amount representing the aggregate nominal amount of shares in the capital of the Company purchased by the directors of the Company pursuant to their exercise of the powers of the Company to purchase such shares, provided that such amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution."

By Order of the Board
LIP SIN PING, ALICE
Company Secretary

Hong Kong, 24th March, 1999

附註：

(1) 凡有權出席上文通告所召開之大會並於大會上投票之股東，均有權委派一位或以上之代表出席，並於投票表決時代其投票。受委代表毋須為本公司股東。

(2) 代表委任表格連同簽署人之授權書或其他授權文件(如有)或經由公證人簽署證明之授權書或授權文件副本，須於大會或其任何續會指定舉行時間最少四十八小時前送達本公司之香港股份過戶登記分處雅柏勤證券登記有限公司，地址為香港銅鑼灣恩平道二十八號嘉蘭中心十樓，方為有效。

(3) 本公司將由一九九九年四月二十二日至一九九九年四月二十九日(首尾兩日包括在內)暫停辦理股份過戶登記手續。為確保獲得將在股東週年大會上批准派發之末期股息(將於一九九九年五月十二日或該日左右派發)，務請將所有過戶文件連同有關股票最遲須於一九九九年四月二十一日下午四時前送達本公司之香港股份過戶登記分處雅柏勤證券登記有限公司，地址為香港銅鑼灣恩平道二十八號嘉蘭中心十樓，辦理登記手續。

(4) 建議股東參閱年報中的附錄 - 說明文件所載之以上通告所列之普通決議案第5(2)項之重要資料。

(5) 關於以上通告中普通決議案第5(1)及5(3)項授予本公司董事會之一般性授權，旨在使彼等可發行最多達一指定數目之股份而無須事先獲得股東大會上批准，以應付例如須在短期內完成需要發行股份之交易(例如收購事項)。董事會認為獲得該項一般性授權將對本公司有利。董事會茲表明現時並無計劃發行本公司任何新股份。

Notes:

(1) A shareholder entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and, on a poll, vote in his stead. A proxy need not be a shareholder of the Company.

(2) To be valid, a form of proxy together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority must be deposited at the Company's branch share registrars in Hong Kong, Abacus Share Registrars Limited, 10th Floor, Caroline Centre, 28 Yun Ping Road, Causeway Bay, Hong Kong not less than 48 hours before the time appointed for holding the meeting and any adjourned meeting.

(3) The register of members of the Company will be closed from 22nd April, 1999 to 29th April, 1999, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final dividend (which will be payable on or about 12th May, 1999) to be approved at the forthcoming Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrars in Hong Kong, Abacus Share Registrars Limited, 10th Floor, Caroline Centre, 28 Yun Ping Road, Causeway Bay, Hong Kong, for registration not later than 4:00 p.m. on 21st April, 1999.

(4) Shareholders are recommended to read the Appendix - Explanatory Statement to the Annual Report which contains important information concerning the ordinary resolution set out in item 5(2) in the above notice.

(5) Concerning the ordinary resolutions set out in items 5(1) and 5(3) in the above notice, the purpose of the general mandate to be conferred on the directors of the Company is to enable them to issue shares up to a specified number without having to first obtain the consent of shareholders in general meeting. The need for such an issue of shares could, for example, arise in the context of a transaction (such as an acquisition) which has to be completed speedily. The directors believe that it is in the interest of the Company if such a general mandate is granted to them. The directors wish to state that they presently do not have any immediate plans to issue any new shares in the Company.

香港聯合交易所有限公司對下列資料的內容概不負責，對其準確性或完整性亦不發表任何聲明。並明確表示概不就因下列全部或任何部分內容而產生或因倚賴該等內容而引致之任何損失承擔任何責任。

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of the following information, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the following information.

購回股份授權

以下說明文件乃根據香港聯合交易所有限公司(「聯交所」)證券上市規則(「上市規則」)送達各股東，有關將於一九九九年四月二十九日舉行之本公司股東週年大會上提呈的一項普通決議案，以授予本公司董事會(「董事會」)一般性及無附帶條件授權以便在直至本公司下屆股東週年大會或在普通決議案所列明之較早期間內，隨時行使本公司之權力，以購回本公司股本中每股面值0.10港元之股份(「股份」)最多不超過於決議案通過當日本公司已發行股本之10%(「購回股份授權」)。

(A) *建議購回股份授權*

建議董事會可行使本公司之權力，使董事會可購回之股份數目不得超過購回股份授權決議案通過之日，本公司已發行股份之10%。於一九九九年三月二十五日，即印製本年報前最後可行日期，本公司已發行股份數目達698,811,000股。據此，全面行使購回股份授權(即在購回股份授權決議案通過日，本公司已發行股份數目之10%)，可讓本公司購回股份69,881,100股。

(B) *購回原因*

董事會深信倘若股東授予董事會該一般性授權於市場上購回股份，可使本公司及其股東有最佳利益。該回購只會當董事會根據市場實況及資金安排，認為購回股份可增加本公司資產淨值及／或股份盈利時，才會進行。

SHARE REPURCHASE MANDATE

The following is the Explanatory Statement required to be sent to shareholders under The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") relating to an ordinary resolution to be proposed at the annual general meeting of the Company to be held on 29th April, 1999 to approve a general and unconditional mandate to be given to the directors of the Company (the "Directors") to exercise the powers of the Company to repurchase, at any time until the next annual general meeting of the Company or such earlier period as stated in the ordinary resolution, shares of HK$0.10 each in the capital of the Company (the "Shares") representing up to a maximum of 10% of the issued share capital of the Company at the date of the resolution (the "Share Repurchase Mandate").

(A) *Proposed Share Repurchase Mandate*

It is proposed that the Directors may exercise the powers of the Company to repurchase up to 10% of the Shares in issue as at the date of the passing of the resolution to approve the granting to the Directors the Share Repurchase Mandate. As at 25th March, 1999, being the latest practicable date prior to the printing of this annual report, the number of Shares in issue was 698,811,000 Shares. Accordingly, the exercise of the Share Repurchase Mandate in full (being the repurchase of 10% of the Shares in issue as at the date of the passing of the resolution to approve the Share Repurchase Mandate) would enable the Company to repurchase 69,881,100 Shares.

(B) *Reason for Repurchase*

The Directors believe that it is in the best interests of the Company and its shareholders for the Directors to have a general authority from shareholders of the Company to repurchase Shares in the market. A repurchase of Shares may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per Share and will only be made when the Directors believe that such repurchase will be to the benefit of the Company.

(C) *購回之資金*

預期購回任何股份所需之資金，必須是依據百慕達法例及本公司組織章程大綱及細則所規定可合法用於該用途之資金。董事會建議根據股份購回授權而作出之股份購回將由本公司之內部資源或現有之銀行信貸支付。

購回股份授權倘若全面付諸實行，可能會對本公司之營運資金或負債情況有重大之不利影響（比對本公司於其截至一九九八年十二月三十一日止年度之經審核賬目所披露之狀況而言）。董事會祇在彼等認為行使該授權並不會導致此等重大不利影響之情形下才會行使是項權力。

(C) *Funding of Repurchase*

Repurchases must be funded out of funds legally available for such purpose in accordance with the laws of Bermuda and the Memorandum of Association and the Bye-Laws of the Company. The Directors propose that repurchases of Shares under the Share Repurchase Mandate would be financed from the Company's internal resources or existing banking facilities.

Whilst the Share Repurchase Mandate, if exercised in full, may have a material adverse impact on the working capital or gearing position of the Company, as compared with the position disclosed in the Company's audited accounts for the year ended 31st December, 1998, the Directors expect to exercise such mandate if and to such extent only as they are satisfied that the exercise thereof will not have such a material adverse impact.

(D) *股價*

過去十二個月每月在聯交所錄得之股份最高及最低收市價如下：

(D) *Shares Prices*

The highest and lowest prices at which Shares have traded on the Stock Exchange in each of the previous twelve months were as follows:

		最高 Highest 港元 HK$	最低 Lowest 港元 HK$
一九九八年三月	March 1998	2.500	1.860
一九九八年四月	April 1998	2.125	1.800
一九九八年五月	May 1998	1.830	1.400
一九九八年六月	June 1998	1.680	1.560
一九九八年七月	July 1998	1.620	1.280
一九九八年八月	August 1998	1.280	0.800
一九九八年九月	September 1998	1.220	0.650
一九九八年十月	October 1998	1.090	0.880
一九九八年十一月	November 1998	1.550	0.930
一九九八年十二月	December 1998	1.540	1.100
一九九九年一月	January 1999	1.880	1.450
一九九九年二月	February 1999	2.100	1.690

(E) *一般資料*

若股東批准購回股份授權予董事會，董事會或(在董事會作出一切合理查詢後確知)其任何關連人士現概無有意將股份售予本公司。

董事會已向聯交所保證將根據上市規則，百慕達法例及本公司組織章程大綱及細則，按照購回股份授權而行使本公司購回股份之權力。

董事會並不察覺如根據購回股份授權購回股份後會根據香港公司收購及合併守則而引起任何後果。

倘若股東批准購回股份授權，本公司之有關連人士(按上市規則所界定者)現時並無表示有意將股份售予本公司，而上述人士亦沒有保證不會將任何該股份售予本公司。

(E) *General Information*

There are no Directors or (to the best of the knowledge of the Directors, having made all reasonable enquiries) any associates of Directors who have a present intention to sell Shares to the Company in the event that the Share Repurchase Mandate is granted by the shareholders.

The Directors have undertaken to the Stock Exchange to exercise the powers of the Company to make repurchases pursuant to the Share Repurchase Mandate in accordance with the Listing Rules, the laws of Bermuda and the Memorandum of Association and Bye-Laws of the Company.

The Directors are not aware of any consequences which would arise under the Hong Kong Code on Takeovers and Mergers as a consequence of any repurchases made pursuant to the Share Repurchase Mandate.

No connected persons of the Company (as defined in the Listing Rules) have notified the Company of a present intention to sell Shares to the Company and no such persons have undertaken not to sell any such Shares to the Company in the event that the Share Repurchase Mandate is granted by the shareholders.

以下為本年報印製前六個月內，本公司在聯交所購回股份合共6,646,000股，所有購回之股份均已註銷：

During the six months prior to the printing of this annual report, the Company had repurchased a total of 6,646,000 Shares on the Stock Exchange, all of which had been cancelled, as follows:

購回日期 Date of Repurchase		股份數目 Number of Shares	每股價格 Price per Share 最高 Highest 港元 HK$	每股價格 Price per Share 最低 Lowest 港元 HK$	總價格 Aggregate Price 港元 HK$
一九九八年九月二日	2nd September, 1998	380,000	0.77	0.71	283,500
一九九八年九月十四日	14th September, 1998	480,000	0.90	0.88	431,960
一九九八年九月二十四日	24th September, 1998	24,000	1.20	1.20	28,800
一九九八年九月二十五日	25th September, 1998	100,000	1.20	1.20	120,000
一九九八年九月二十八日	28th September, 1998	260,000	1.20	1.20	312,000
一九九八年九月二十九日	29th September, 1998	600,000	1.15	1.04	671,000
一九九八年九月三十日	30th September, 1998	100,000	1.05	1.04	104,040
一九九八年十月五日	5th October, 1998	50,000	0.96	0.96	48,000
一九九八年十月七日	7th October, 1998	50,000	1.01	1.01	50,500
一九九八年十月八日	8th October, 1998	100,000	1.00	1.00	100,000
一九九八年十月九日	9th October, 1998	130,000	0.98	0.96	126,300
一九九八年十月十二日	12th October, 1998	150,000	1.01	1.01	151,500
一九九八年十月十三日	13th October, 1998	50,000	0.99	0.99	49,500
一九九八年十月十五日	15th October, 1998	70,000	1.00	0.95	67,300
一九九八年十月十六日	16th October, 1998	350,000	0.99	0.88	328,600
一九九八年十月十九日	19th October, 1998	158,000	0.90	0.89	141,300
一九九八年十月二十日	20th October, 1998	50,000	0.92	0.92	46,000
一九九八年十月二十一日	21st October, 1998	40,000	1.03	1.01	40,860
一九九八年十月二十二日	22nd October, 1998	50,000	1.06	1.06	53,000
一九九八年十月二十三日	23rd October, 1998	50,000	1.01	1.01	50,500
一九九八年十月二十六日	26th October, 1998	130,000	1.00	0.99	129,020
一九九八年十月二十七日	27th October, 1998	240,000	0.98	0.94	231,200
一九九八年十月二十九日	29th October, 1998	200,000	0.95	0.95	190,000
一九九八年十月三十日	30th October, 1998	350,000	0.95	0.93	328,500
一九九八年十一月二日	2nd November, 1998	130,000	1.03	1.01	132,300
一九九八年十一月三日	3rd November, 1998	80,000	1.16	1.13	91,300
一九九八年十二月七日	7th December, 1998	650,000	1.15	1.15	747,500
一九九八年十二月八日	8th December, 1998	180,000	1.22	1.22	219,600
一九九八年十二月九日	9th December, 1998	190,000	1.21	1.20	229,300
一九九九年二月三日	3rd February, 1999	1,254,000	1.83	1.79	2,258,760
		6,646,000			7,762,140

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